

FINANCIAL TIMES

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D 8523 B

Japan scales new peak in China trade, Page 12

World news

28 killed in Beirut car bomb attacks

Two car bombs exploded in mainly Moslem West Beirut, killing at least 28 people and wounding 70. The blasts were widely seen as a response to two car bomb explosions that killed 67 people and wounded about 250 people in Christian East Beirut last week.

One blast occurred close to a restaurant and the other near a mosque, where people were heading for their mid-morning prayers.

An anonymous caller claiming to represent the hitherto unheard-of "Black Brigades Organisation" pledged a counter-war of amnesia against Christians. Page 24

Sri Lanka talks

Sri Lanka peace talks between Tamil separatists and Sri Lankan officials which broke down may resume later this week, the Indian External Affairs Ministry said. Page 2

Red Cross kidnap

Gunmen kidnapped the Swiss head of the International Committee of the Red Cross mission in the south Lebanon port of Sidon, security officials said.

Uganda 'massacre'

A Roman Catholic newspaper in Uganda said it had discovered the skeletons of more than 2,000 people believed to have been killed by the army of ousted President Obote. Page 2

Village bombed

Four Afghan aircraft bombed a Pakistani border village killing eight people and wounding 12, the Pakistani Government said.

Jakarta trial

H. R. Dharmso, a former secretary general of the Association of Southeast Asian Nations (Asean) went on trial in Jakarta charged with investigating three guerrilla bomb attacks in Indonesia last year.

Tanker's toxic leak

Dozens of people received medical treatment and several homes were evacuated after a toxic chemical leaked from a tanker lorry in Charleston, West Virginia. It was the third chemical emergency in eight days.

Peru cancels jets

Peru has reportedly halved an order for 26 French Mirage 2000 jet fighters to set an example for disarmament in Latin America.

Kanak death claim

A human rights team in the French Pacific territory of New Caledonia claimed a French police marksman killed Kanak independence leader Eli Machore in January.

Separatist charged

Canary Islands' separatist leader Antonio Cubillo was released on bail by a Madrid court after being formally charged with masterminding several bomb attacks in the late 1970s. Page 3

Euthanasia change

A Dutch Government commission recommended that the law be amended to allow euthanasia in cases where patients in acute distress made a reasoned request to doctors to be helped to die.

Czechs hold Havel

Czechoslovak police detained playwright Vaclav Havel in Bratislava, his second period in detention in a week, said political exiles in Vienna. Page 4

300 drown in China

About 300 people died when an overloaded Chinese river ferry capsized and sank on the Songhua River near the Soviet border. Page 15

Business summary

Saxon Oil opts for bid from Enterprise

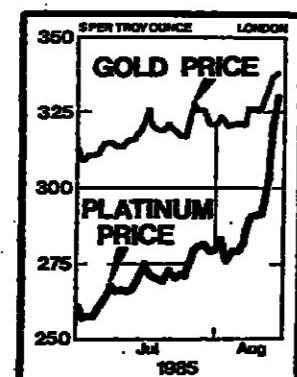
SAXON OIL: Majority of the board of the independent UK oil group recommended acceptance of a 94p per share offer from Enterprise Oil which values Saxon at £120 million (£160m). Saxon had previously agreed a merger with Charterhouse Petroleum. Lex, Page 14

WALL STREET: At 8pm the Dow Jones industrial average was up 1.24 at 1313.96. Page 34

TOKYO: equities moved higher on optimism over lower interest rates. The Nikkei Dow market average added 27.74 to 12,840.05. Page 34

LONDON: stocks suffered widespread modest falls on general lack of interest. The FT Ordinary share index lost 2.6 to 721.2. Page 34

SPOT TRADING LONDON:



GOLD: rose \$1.50 on the London bullion market to \$338.75. It was also higher in Zurich at \$338.75. Page 26

DOLLAR: improved slightly in London, closing at DM 2.763 (DM 2.7575), FF 8,425 (FF 8,422), Swf 2.261 (Swf 2.2585) and Y236.8 (Y236.75). On Bank of England figures the dollar's index rose to 136.0 from 135.9. Page 27

STERLING: lost just 10 points against the dollar in London to finish at \$1.2625. It was firmer, however, at DM 3.8675 (DM 3.8575), FF 11.816 (FF 11.8025), Swf 3.185 (Swf 3.155) and Y331.5 (Y331.0). The pound's exchange rate index fell 0.31 from 82.2. Page 27

BRITISH MAIL: dispute over driver-only trains worsened with more services around London disrupted. Page 14

THE WASHINGTON POST: agreed to pay \$35m cash for 58 cable television stations owned by Capital Cities Communications. Page 15

PLATINUM: outperformed gold at one stage in London for the first time since mid 1984 as unrest in South Africa boosted precious metals. At one point both metals stood above \$340, but platinum fell back in active trading to finish up \$1 on Friday's close at \$332. Gold added \$1.5m to \$338.75, a high for the year. Page 26

SINGAPORE: four biggest ship repair companies have agreed to cut capacity by a third and working to 20 days a month. Page 16

SNAMPROGETI: subsidiary of Italy's state-owned energy group ENI, has won a \$105m (\$82.2m) contract to construct a coal transport system in Siberia. Page 4

RUTHMANS: International, the South African-controlled cigarette group, denied rumours that it will make a counteroffer for Arthur Bell & Sons, the Scotch whisky distiller, in opposition to the Guinness \$260m (\$204m) offer. Page 14

SANKO: steaming's main creditor, Long-Term Credit Bank of Japan, expects to write off up to 80 per cent of its Y80bn (\$838m) secured loans to the collapsed group. Page 16

TEXTILE: import limits proposed in the U.S. could seriously hurt the economies of countries in the Association of South East Asian Nations group, says ASEAN. Page 4

HEWLETT-PACKARD: U.S. electronics and computer manufacturer, returned net earnings of \$1.17m for the third quarter, representing a 12 per cent reduction on the previous corresponding period. Page 15

CONTENTS

South Africa cuts bank rate in bid to lift confidence

BY JIM JONES IN JOHANNESBURG

THE SOUTH AFRICAN Reserve Bank yesterday cut its bank rate by 1% percentage points, from today, in a move to restore confidence in an economy threatened by foreign sanctions and domestic unrest.

The interest rate cut, designed to prompt commercial banks to reduce their prime overdraft lending rates from 21 per cent to between 18 and 20 per cent, and thus provide a stimulus to the economy, was justified, despite the present "abnormal political conditions," Dr Gerhard de Kock, governor of the bank, said.

Domestic and foreign confidence in the South African economy fell on Friday, with the rand closing at 2.41 to the dollar following President P. W. Botha's failure to outline new reform policies in his speech in Durban on Thursday.

The bank rate, the rate at which the Reserve Bank provides accommodation to the commercial banks by rediscounting Treasury bills, will be reduced from 17% per cent to 15 per cent and will now become the main indicator of the bank's monetary policies. Previously the bank had used a range of discount rates, which were not formally linked

with those charged by the commercial banks.

Dr de Kock yesterday justified the stimulatory interest rate reduction. He said the restrictive monetary policies introduced in August 1984 and the fiscal measures introduced in the March 1985 budget had achieved their initial aim of curbing total spending by the private and public sectors.

Money supply growth rates were declining, Dr de Kock added, excess demand had been eliminated from the economy, last year's deficit in the current account of the balance of payments had been converted to an annual rate surplus of R5.4bn (\$2.2bn) in the second quarter of this year, and net foreign liabilities had been cut by about R5bn since last year.

Though the rate of inflation had risen steadily from its low point of 10 per cent in February 1984 to 16.4 per cent in June this year, Dr de Kock believed that it should now start to decline.

These positive economic developments, Dr de Kock believed, justified an easing of monetary policy despite "the present abnormal political conditions prevalent in South

Africa." Though Dr de Kock justified the stimulatory measure on economic grounds, observers in Johannesburg say that political considerations were equally or more important.

South Africa's worst recession since the second world war has led to record black unemployment contributing to the unrest in the country's black townships.

Restrictive measures aimed at eliminating record inflation rates imposed domestic interest rates to record levels early this year, and though the subsequent trend has been downwards, there were fears that the flight of capital from South Africa and the withdrawal of foreign banks from the country could reverse the declining interest rate pattern and further deepen the recession. Today's bank rate cut is intended to counteract these external pressures.

Meanwhile, the country's mine-owners and the all-black membership National Union of Mineworkers (NUM), yesterday resumed wage talks with the aim of averting

Continued on Page 14

Money markets, Page 27

Australia limits trade but rejects embargo

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN Government yesterday unveiled a series of commercial and trade sanctions against South Africa, but stopped well short of a full trade embargo.

Mr Bill Hayden, the foreign affairs minister, said cabinet ministers had expressed "grave concern and extreme disappointment" that President Botha's statement last week had been "so negative and unhelpful."

But Australia, he said, was conscious of the inadequacy of unilateral sanctions against South Africa.

Australia will close its Trade Commission in South Africa at the end of next month, while its Export Finance Insurance Corporation will cease making loans to Australian companies trading with South

sakes, and there are others open to us."

Australia provides less than 1% per cent of South Africa's imports and takes just over 1% per cent of South Africa's exports.

Australia will continue to press for effective United Nations action against South Africa, and hopes to outline a suggested strategy at the forthcoming Commonwealth heads of government meeting in Nassau.

At home, Mr Bob Hawke's Canberra Government has been accused of some ambivalence in its attitude to South Africa, which it denies.

Mr Hayden defended the apparent mildness of the measures, saying: "The important thing is not to use up all your shots in one volley. We have taken a number of mea-

sures, and there are others open to us."

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OVERSEAS NEWS

Sri Lanka peace talks halted as death toll rises

BY K. K. SHARMA IN NEW DELHI AND OUR FOREIGN STAFF

TALKS between Tamil militants and Sri Lanka government representatives have "temporarily recessed" after a week of meetings at Thimpu, capital of Bhutan, a spokesman of the Indian Government said yesterday.

Some of the Tamil delegates have flown to Madras for consultations with their leaders, and despite the violence in Sri Lanka over the weekend, "all sides are making efforts to ensure observance of the ceasefire," he said.

In Colombo, however, a Tamil spokesman claimed the militants had withdrawn from the Thimpu talks after violations of the ceasefire and killings of Tamils by Sri Lanka soldiers. Another spokesman said the talks would not be resumed until assurances were given that the ceasefire would be observed.

Tamils were placed on alert on the island yesterday following the recession in the talks and the repositioning of a state of emergency by President Jindus Jayawardene on Sunday.

Body of Bhutto's son sent to Pakistan for burial



Benazir Bhutto

THE BODY of the son of the late Pakistani President Zulfikar Ali Bhutto left Cannes for Zurich yesterday en route to Karachi and burial next to the remains of his father, AP reports from Cannes.

The body of 27-year-old Shahzad Bhutto will be accompanied today from Zurich to Karachi by his two sisters, Miss Benazir Bhutto, 32, head of the banned opposition Pakistan People's Party (PPP), and Mrs Sanai Bhutto Hussain.

Miss Bhutto was imprisoned by Pakistani military authorities for 34 months before being freed last year.

Pakistani authorities have granted permission for members of the Bhutto family and some of their advisors to return to Pakistan with the body.

Miss Bhutto is seen as a popular symbol of opposition to Pakistan's military rulers who reportedly fear that her return for the burial could draw large crowds of supporters.

President Bhutto was overthrown in July 1977 in a military coup led by Gen. Muhammad Zia ul-Haq, the country's current leader. Mr Bhutto, who

JAL crash Jumbo lost entire hydraulic system

BY CARLA RAPORT IN TOKYO

THE ENTIRE hydraulic system of the ill-fated JAL Boeing 747 was lost within a few minutes of take-off, according to the latest reports on the investigation of last Monday's crash which killed 520 people in the mountains north-west of Tokyo.

Although the Ministry of Transport has yet to release officially the contents of the voice and flight recorder, it is understood that the hydraulic system's failure in turn prevented the pilot from controlling the aircraft's altitude. It is not understood, however, if the force which destroyed the hydraulic system also damaged the aircraft's vertical stabiliser and rudder.

A JAL engineer yesterday refuted theories that the cracks and subsequent break in the pressure bulkhead at the rear of the aircraft could have been strong enough to cause the vertical stabiliser to crack and break off.

He told reporters that some external pressure may have been the cause, such as a very strong wind or "cross air."

Michael Doreen, Aerospace Correspondent, writes: Rescue workers at the site of the JAL crash have now recovered the remains of 494 bodies from the 520 who died. Of those, so far only 359 have been identified.

Recovery operations are now

Mahathir sacks Chinese minister over party row

BY WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMAD, Malaysian Prime Minister, has intervened to break the impasse in the 18-month-long power struggle within the country's biggest Chinese party by sacking the most senior Chinese member of his Cabinet. At a meeting of the ruling National Front coalition here over the weekend, Dr Mahathir also gave the Malaysian Chinese Association three months to resolve its leadership dispute or face expulsion from the Government altogether.

By sacking Dr Neo Yee Pan, acting president of the MCA, as Minister of Housing and Local Government, but retaining three other MCA leaders in his cabinet, Dr Mahathir has signalled to MCA members that Dr Neo no longer enjoys his confidence.

The MCA has pledged to hold

Budgets to be unveiled in Canberra, Wellington

BY MICHAEL THOMPSON-NOEL IN CANBERRA AND SANDY SOUTHON-PERRY IN WELLINGTON

TODAY'S BUDGETS IN Australia and New Zealand may not have much in common, but they will provide important political clues to the chances of survival of the right-wing socialist governments of Mr Bob Hawke and Mr David Lange respectively. Each has suffered lost popularity of late.

In Canberra, Mr Hawke's Australian Labor Party Government unfurls its third annual budget against a background of rising fears about inflation, and worries over Australia's lacklustre trade performance of late.

The Treasurer, Mr Paul Keating, has already promised a tight rein on expenditure, and is expected to announce a federal budget deficit for 1985-86 of around A\$5.5bn (\$2.75bn), against one of A\$6.75bn for the 12 months ended June 1985.

At the weekend, in a bid to retain the political initiative and stem criticism of his "weak" leadership, Mr Hawke announced a major employment scheme, details of which will be provided today.

In his budget speech, Mr Keating is expected to stress the Government's economic successes to date, including employment growth of 383,600 jobs since April 1983, a big reduction in strikes, rising private consumption, strong non-farm growth, and a "recovery in profits".

However, there is mounting concern over the rate of inflation, which for the year to June was 6.7 per cent. With the underlying inflation rate exacerbated by higher import costs caused by this year's devaluation of the Australian dollar, some forecasters expect an inflation rate of 10 per cent by the end of the year.

The crunch is likely to come at next month's national wage hearing, when the Australian Council of Trade Unions argues for full wage indexation of the latest consumer price index rises, which totalled 3.8 per cent for the six months ended June.

In Wellington, Mr Roger Douglas, the Finance Minister is to introduce a budget which he says will dramatically reverse the "rising tide" of personal income tax that New Zealanders have been subject to in recent years.

Mr Douglas is expected to announce the introduction of a value added goods and services tax (Gst) from October 1986. The level at which this is pitched has been forecast variously at 10 per cent, 12.5 per cent and even 15 per cent with analysts tending to settle for the lowest figure.

Mr Douglas also expects to cut indirect taxes by 20 per cent which would save average earners on NZ\$15,000 (£5,750) a year an extra \$20 a week to spend. Tax rates for personal income tax are likely to be reduced to 48 cents to be below the present 66 cents in the dollar at earnings of NZ\$33,000.

Businesses may have to pay 10 per cent more tax at a predicted 50 cents in the dollar from the current rate of 45 cents in the dollar. The share-market index fell 30 points yesterday as budget jitters set in.

• The New Zealand dollar was pushed down yesterday by concern that the mini-budget may lead to a decline in the country's high interest rates, Reuter reports.

The information from the recovered cockpit voice recorder, indicating that the aircraft lost all hydraulic power before the crash, has introduced a new dimension into the investigation.

In the meantime, elsewhere in the world, the Boeing 747 nearly 600 strong, continues to fly normally. Apart from Japan itself, only the UK is undertaking specific additional precautionary checks on 747s, at the request of the Civil Aviation Authority.

Many airlines in other countries are making checks on their own volition. So far British Airways, with 28 Jumbo jets, has checked six and found no fault. Similarly, British Caledonian, with two 747s, has found nothing.

Ex-Asean chief faces subversion charge

BY KIER COOK IN KOTA MR H. E. DHARSONO, former commander of one of Indonesia's key military divisions and the first Secretary General of the Association of South-East Asian Nations, has appeared in court, accused of subversion.

He was charged with instigating a bombing campaign in Jakarta late last year, and of encouraging young Moslems to attack the Government. The trial was adjourned.

Mr Dharsono told reporters he was not involved in trying to topple the Government, but had tried to find the truth behind riots in a poor section of Jakarta in September,

elections within the three months deadline, but whether this will come about is not clear since under the party's constitution, Dr Neo, 47, has virtual dictatorial powers, and it was his persistent refusal to hold elections or to step down that had prolonged the crisis.

Observers say the sacking of Dr Neo favours his main rival, Mr Tan Koon Swan, a prominent businessman, who heads the giant Multi-Purpose Holdings, as well as companies within Grand United Holdings and Supreme Corporation.

The MCA power struggle last week developed into a tragicomedy, when a third faction, which broke away from Dr Neo, emerged to claim the mandate to represent the MCA and the Chinese in the Government.

The MCA has pledged to hold

Car bombs kill 28 in Moslem part of Beirut

BY NORA BOUSTANY IN BEIRUT

SHORTLY after midday yesterday, separate car bombs rocked two crowded Moslem neighbourhoods at half-hour intervals, leaving 28 dead and 70 wounded, flaming cars and debris.

One occurred close to a modest local restaurant and the other just yards from a mosque, where people were heading for their noon-time prayers. The latest episode in a wave of roving terror that has gripped Beirut, were in apparent retaliation for two similar bombings in Christian areas which killed 88 people and wounded 250 others last week.

Mr Nahib Berri, leader of the Shi'ite Amal movement and Lebanon's Justice Minister, signalled that more violence was inevitable. Attacks against Moslem areas will lead to a "military showdown," he commented after the first report on the two bombs yesterday.

The first blast devastated two floors of a building on a crowded narrow street and sent glass and bricks flying over a hundred yards.

Two dozen cars were set ablaze and storefronts burst into shreds of window panes and stripped metal.

Shrapnel flew through the air to disperse civilians and make way for rescue teams. A woman in a headscarf struggled with milliamines to search for her family, then fainted and collapsed on the street.

Two West Beirut hospitals receiving casualties issued radio appeals for blood donations.

The bombs, outside a restaurant in the Karakib Druze controlled quarter and at the mosque in Gibareh, a Shi'ite area, had been expected, after

two bombs last week in the Christian area of East Beirut.

Former Lebanese President, Mr Camille Chamoun, yesterday used stronger language than is normal for him condemning the bombing attack in East Beirut which demolished a two-storey supermarket on Saturday.

"Condemnation alone will not suffice those behind this attack should know that we will get two blows for each one delivered," he warned.

The fact that Moslem leaders expressed indignation at the car bombs targeting Christian areas last week did not temper the rage of Christian leaders

two bombs last week in the Christian area of East Beirut. An anonymous caller claiming to represent the hitherto unheard of "Black Brigades Organisation," told a Beirut-based foreign news agency shortly after the blasts yesterday: "We shall confront the war of annihilation against the Christian people with a counter-war of annihilation and declare our determination to avenge the death, slaughter and displacement of all Christians."

Though the authenticity of such groups and telephone calls is impossible to verify, the mood of waning tolerance among Moslems and Christians is unmistakable.

Two bombs last week in the Christian area of East Beirut.

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UN troops fear escalation of violence in S. Lebanon

BY WALTER ELLIS IN SOUTHERN LEBANON

TWO IRISH soldiers serving with the UN peace-keeping forces in Lebanon were lucky to escape with their lives in the early hours of yesterday morning when a mortar shell crashed through the roof of their sleeping quarters and exploded itself, without exploding in the floor.

The shell was one of a number fired by the South Lebanon Army (SLA) in apparently desperate retaliation against the mounting pressure on it from Shi'ite elements striving to eliminate the force from Israeli self-styled "security."

According to the UN spokesman in South Lebanon, the position on the mountainous ridge north of the Israeli border held by the Israeli-sponsored SLA had come under attack from

assaults and had replied "in all directions", hitting the Irish base near the village of Hadada.

The incident was one of many over the weekend—part of what the UN fears is a general escalation towards uncontrolled violence in the region in the aftermath of the Israeli's military withdrawal from Lebanon in May—and came as a result of its efforts to control the border areas.

The SLA, which has shrunk and become demoralised, is under frequent attack from other factions in the area.

Hizbullah ("the Party of God") the extremist Shi'ite faction, is prominent in the renewed fighting both against the Israeli-backed SLA, now almost wholly a Christian force, and the remaining

Israeli patrols still in Lebanon. Left-wing and other Shi'ite forces are also involved, and the increasing ferocity of the engagements has forced the militia of Amal, the mainstream Shi'ite movement, to step up its own activities in the area.

Amal is in control of the port city of Tyre, which remains battered but generally quiet. SLA forces fired five 130 mm artillery rounds at the city last Thursday, one of which hit a house.

At night, the skies around the various UN positions are often ablaze with rockets, mortar, tank and machine-guns fire as everyone, it seems, attacks everyone else. Travel to Tyre from the Israeli border, even in the company of UN personnel, was impossible yesterday. Too many checkpoints had been thrown up along the

road, the UN said, and many of the gunmen were trigger-happy.

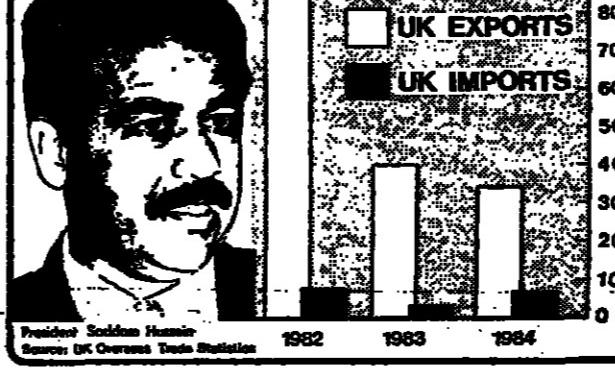
Israel is understood to have fewer than 700 troops in the whole South Lebanon area at present, but the SLA, still numbering around 1,000, including Christian village militiamen, remains as its eyes and ears and frequently acts on its own behalf.

Amal is determined that the Israeli buffer zone, now watched over by the UN's Unifil forces, should not become a launching pad for attacks on Israel. It is anxious that Israel should not be given an excuse to re-enter Lebanon in force. Internal feuding, however, involving much damage and loss of life, is still considered fair game.

Richard Evans, recently in Baghdad, reports on some effects of the war with Iran

Gulf bloodshed rallies Iraqis behind Hussein

UK TRADE WITH IRAQ



for International Settlements. Those foreign companies still operating in Iraq are relieved that the Government has largely come to terms with changed economic circumstances. Most have completed negotiations for deferred payment schemes and the central bank is so far adhering to the schedules.

Total exposure of UK companies in Iraq is relatively small compared with their European and Japanese competitors, but Britain is actively pursuing new business. The last tranche of a Government-backed Eurobond line of credit made available in 1984 is about to be utilised. The Midland Bank, which had mandated to arrange a further £300m this year, has been mandated to arrange a further £300m this year.

The visitor to Basra and areas near the border with Iran is overwhelmed by signs of a country at war: a heavy military presence, sandbagged buildings and frequent road blocks. In Baghdad, however, there are few overt signs of the whole region.

The country's commercial life is estimated to be about \$10bn. Last year Iraq's debt to foreign banks rose from \$1.5bn to \$2.5bn, according to the Bank

of International Settlements.

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Completion of both pipelines

would release a great deal of the strain on the Iraqi economy, but a new doubling of exports would inevitably lead to problems with Iraq's partners in the Organisation of Petroleum Exporting Countries (Opec). Given the weak state of oil prices, other Opec countries would be unwilling to see Iraq take such a large slice of the market.

The present military stalemate, with occasional bursts of activity on various sectors of the front which do nothing to resolve the conflict, means that the Iraqi authorities must plan ahead on the assumption of an indefinite war.

The unconvincing truth is that an inconclusive war suits almost everyone, including the US, Soviet Union, and Iraq and Iran's nervous neighbours who do not wish outright victory to go to either side.

It is also probably true that both belligerent Governments can be more confident of staying in power while the war lasts than after it ends.

Sahel tragedy 'likely to have been averted'

BY PATTI WALDMER

A SENIOR United Nations official in charge of drought relief in Africa yesterday sounded one of the first notes of cautious optimism since the emergency began over a year ago, saying that the prospect of a major tragedy in the Sahel region of Africa has now receded.

Mr Maurice Strong, executive co-ordinator of the UN's Office of Emergency Operations in Africa, told a London press conference that the international community could take

Beir

EEC steel output rises only 1% in first half of year

BY PAUL CHEERSRIGHT IN BRUSSELS

CRUDE STEEL production in the European Community rose by a tiny 1 per cent in the first half of this year compared with 1984, emphasising the fragile nature of the industry's recovery.

In the first six months of this year total crude steel production in the EEC was 61.5m tonnes, according to the statisticians. But the plus point for the industry was that over the first four months of this year new orders were 2m tonnes higher, or 6.4 per cent more, than total deliveries.

Generally the market has responded to the upturn in economic activity, while production over a whole range of products has been kept in check by the output set quarterly by the European Commission. Generally, too, minimum prices have been holding.

But the apparent rough balance between supply and demand hides considerable excess capacity. The Commission has calculated that a further 24.5m tonnes of hot-rolled capacity needs to be shed by 1990, to bring about a real balance. Capacity cuts since 1980 total 30m tonnes.

Gibraltar strike threat

BY JOSEPH GARCIA IN GIBRALTAR

MR ALEX KITSON, deputy secretary of Britain's Transport and General Workers Union (TGWU), will visit Gibraltar on Thursday to try to resolve a worsening dispute between the local branch of the union and the Rock's Government.

The dispute, which has come to a head in recent weeks, involves TGWU claims about irregularities in work practices

Danish MP investigated over fish fraud claim

By Hilary Barnes in Copenhagen

A DANISH MP is under investigation by fraud police in connection with an alleged swindle involving EEC fisheries policy funds.

Mr Laurits Tornes, a member of the Liberal Party which is in the government coalition, is not alleged to have made a personal gain. He has been investigated in his capacity as chairman in 1983-84 of the Danish Fish Producers Association.

Police allege that during this period fisherman on the Baltic island of Bornholm obtained subsidies provided misleading information about fish prices.

The Commission has completed negotiations of new scientific and technical co-operation agreements with Sweden and Switzerland. They are a framework for more specific project agreements.

They provide for regular talks on priorities, the exchange of information, the co-ordination of projects and participation in each other's programmes.

The Commission said yesterday that the issue is basically one of principle, and has arisen because there is no public auction of fish on Bornholm as there is in most other ports.

An auction establishes a transparent price structure and enables the producers' association to pay EEC subsidies without being in doubt about the true price of the fish.

Without an auction, the decision is more complicated, but Mr Tornes pointed out that the system operated on Bornholm was set up in co-operation with the Danish Fisheries Ministry.

He denied the producers' association had knowingly helped the alleged swindle but he said that, as chairman of the producers' association, he would accept responsibility for any irregularities it committed.

It was Mr Tornes himself who called in the police when he suspected that there may have been irregularities.

A preliminary charge is roughly equivalent to a caution under Eu-

EUROPEAN NEWS

GREENPEACE AFFAIR TRIGGERS UNWELCOME MEMORIES FOR FRENCH GOVERNMENT

Socialists suffer for secret service purge

BY DAVID HOUSEGO IN PARIS

THE GROWING political controversy in France over the sinking of the Greenpeace ship, Rainbow Warrior, has brought back into the limelight the clumsy mishandling of France's intelligence service by the Mitterrand administration during the Socialists' first years in office.

Over the past week evidence has been growing that the Direction Générale de Sécurité Extérieure (DGSE) for blowing up the Greenpeace vessel, which caused the death of a crew member, a Portuguese photographer.

Traditionally suspicious of the independence of the French secret services, the Socialists purged and overhauled the organisation heavily soon after they came to power. DGSE supporters are now implying through Press leaks that the

bungling of the Greenpeace operation stems from the damage done to the DGSE in 1981-82.

The purge was carried out by M Pierre Marion, a nominee of M Charles Hernu, the Defence Minister. He was replaced after 18 months when it became clear that the organisation had been seriously weakened and demoralised. It is now being recalled to M Hernu's discredit that he insisted on M Marion's appointment in spite of warnings that he had little intelligence experience and had a nervous, excitable character.

M Marion, who has spent most of his career in the aircraft industry, has since been made head of the Paris airports.

Socialist distrust of the foreign intelligence service date back at least to 1985 when

the SDECE, as it was then

called, was alleged to have been involved in the kidnapping from Paris of Mehdi Ben Barka, the Moroccan opposition leader. However, from 1970 until 1981, it was taken in hand and strengthened by Comte Alexandre de Marenches, a talented, colourful individual who won both independent and an international reputation.

Disturbance of the organisation by the Socialists was reflected in their setting up, while in opposition in the 1970s, a committee aimed at checking its power and giving it a greater role in economic and industrial intelligence gathering.

M Marion swept aside Comte de Marenches' senior officers when he took over in June, 1981, before carrying out a radical reorganisation. This was intended to curtail the independence of the different

divisions in favour of a centralised reporting system. In the process he appears to have alienated a large number of both the Paris staff and of agents abroad with the result that a good many of them resigned. He also closed the organisation's South African section which in retrospect was short-sighted.

The magazine L'Express, giving a detailed history of the changes in the service, recalls that he also made himself unpopular through misplaced suspicions that intelligence officials had leaked information about a briefing for the permanent staff of Communist ministers.

In April 1982 the service was given a new charter and had its name changed to the DGSE. More emphasis was put on in-

filtrating the Soviet bloc and on economic intelligence gathering. At the same time it was deprived of any responsibility for counter-intelligence work on French soil.

M Marion was replaced in November of that year by Admiral Pierre Lacoste, apparently after the then chief of the armed forces had complained of the diminished effectiveness of France's foreign intelligence service.

The DGSE still has responsibility for France's intelligence effort in Africa and elsewhere in the Third World as well as for James Bond-style operations abroad. It is believed to have been responsible for the killing of the Syrian cultural attaché in Spain in 1982 shortly after Syrian agents organised a large bomb explosion in Paris.

Danish police caution MP

BY HILARY BARNES IN COPENHAGEN

MR LAURITS Tornes, a member of the Folkepartiet (parliament) for the coalition Liberal Party, has been issued with a preliminary charge by fraud police in connection with an alleged swindle involving EEC fisheries policy funds.

Mr Tornes is not alleged to have made a personal gain. Police allege that while he was chairman of the Danish Fish Producers Association from 1983-84 fishermen on the Baltic island of Bornholm obtained funds by providing misleading information on fish prices. The sum involved is said to be about Dkr 1m (£100,000).

The association administers the fisheries policy funds which are used to provide fishermen with a minimum price.

A preliminary charge is roughly equivalent to a caution under Eu-

ropean law. If the case is ever brought to court, a formal indictment will have to be made later.

Mr Tornes said yesterday that the issue is basically one of principle and has arisen because on Bornholm there is no public auction of fish, as in most other ports.

An auction establishes a transparent price structure and enables the association to pay EEC subsidies without being in doubt about the true price of the fish.

Without an auction, the decision is more complicated, but Mr Tornes pointed out that the system operated on Bornholm was set up in full co-operation with the Danish Fisheries Ministry.

He denied that the producers association has knowingly facilitated the alleged swindle or participated in it in any way, but he said that as

chairman of the association he was prepared to accept responsibility for any irregularities committed by the association. It was Mr Tornes himself who called on the police to look into the subsidies paid to Bornholm fishermen.

• Denmark's biggest pension fund, the PFA, with assets of about Dkr 2bn, appears to be breaking up. The fund is a system of joint administration for 14 public sector trade union pension funds. Four of the unions announced at the weekend that they were withdrawing from the PFA.

The four are all members of the Federation of Local Government Employees, whose chairman, Mr Paul Winckler, said yesterday that the main reason for the break was differences over investment strategy.

Industrial chaos looms in Gibraltar dispute

BY JOSEPH GARCIA IN GIBRALTAR

GIBRALTAR appears to be on the edge of prolonged industrial chaos following the worsening of a dispute between the Government and the local branch of the Transport and General Workers Union.

After two weeks of dialogue to try to find a way out, the Government broke off the talks on Friday and went ahead yesterday with its threat to send workers home without pay unless selective industrial action ceased.

The three areas directly affected are the highly sensitive power station, the airport and an asphalt plant. The disputes, involving work practices, allowances and productivity schemes, go back between three and 18 months.

The Government started getting tough by sending home four work-

ers at the asphalt plant. Such action is rare in Gibraltar.

The union has reacted by saying that it is now in a state of dispute with the Government as a whole and has warned of far-reaching implications including the prospect of an indefinite general strike.

The IGWU is by far the largest union in Gibraltar.

A government statement said that Gibraltar could be thrown into turmoil and damage might be done to the tourist industry. "It was pointless to continue the talks with the union," said Sir Joshua Hassan, Chief Minister.

The Government said it had exercised great patience over many months to avoid a confrontation but the time had come for action.

Canaries separatist ends exile

BY OUR MADRID CORRESPONDENT

SR ANTONIO CUBILLO, leader of a Canary Islands separatist movement, appeared in a Madrid court yesterday after being detained by police in his arrival in the islands from a 23-year exile. He was released on bail of Pts 300,000 (£1,000).

The trial on criminal damage charges dating back to 1976 threatens to provide a focus for anti-Madrid sentiment in the islands, where the terms of Spanish entry to the European Community have caused widespread discontent. Sr Cubillo was covered by an amnesty in 1977, but faces charges for allegedly instigating a series of explosions in the islands the following year.

Arrested in 1982 in connection with labour strikes, Sr Cubillo escaped abroad.

He was met by plainclothes

police at Gando airport on Gran Canaria on Sunday and put on a flight to Madrid. He flew to the islands from Algiers as a roundabout route via Paris and Lisbon. There were clashes at the airport between police and supporters.

Sr Cubillo, who announced two years ago he was ready to return to take part in island politics, plans to stand as a candidate in next year's general election.

At the time of the bombings he is accused of instigating. Sr Cubillo says he was in hospital in Algiers recovering from an attempt on his life which left him crippled.

Arrested in 1982 in connection with labour strikes, Sr Cubillo escaped abroad.

Den Uyl to lead Labour in general election

BY LAURA RAUN IN AMSTERDAM

MR JOOP DEN UYL, the veteran Labour party politician, will lead the opposition Socialists in the May 1986 Dutch general elections, thus boosting Labour's chances of participating in the next government and his chances of becoming Prime Minister.

Mr den Uyl, 66, a former Prime Minister and cabinet minister announced that he was willing to head the Labour ticket, thereby averting a viciously disruptive battle over his future.

The Socialists, who have been riding high in the public opinion polls for a year, also announced the principal outlines of their campaign platform. The plank that diverges

most from the policies of the governing Christian Democratic-Liberal coalition is Labour's categorical opposition to the deployment of NATO nuclear missiles on Dutch soil.

A compromise over the controversial missile question probably would be the biggest stumbling block in the forging of a coalition between the Labourites and Christian Democrats, with the latter virtually having resigned themselves to the acceptance of the cruise and Pershing-2 missiles. The Socialists have promised to continue to do battle over the missiles even if the parliamentary votes on November 1 to approve deployment, as is expected.

In economic and social policy, the Labour Party platform is somewhat closer to the current centre-right government, holding out more promise of compromise. The Socialists have promised to continue to do battle over the missiles even if the parliamentary votes on November 1 to approve deployment, as is expected.

The US Department of Agriculture (USDA) currently estimates the Soviet harvest will reach 150m tonnes; 20m tonnes up on last year but below the 230m set as the annual average target figure for the 1981-85 five-year plan.

Early this summer the USDA cut its estimate from 165m tonnes to account for drought in some regions. Moscow's last successful crop was 235m tonnes in 1978.

Moscow is likely to meet the USDA estimate and could even, according to the specialist, exceed it by a small margin. They attribute this to the good weather, which has not only given farmers longer in the fields but also produced high-quality grain and fewer losses through damp.

The police chief said seven Greek Cypriots were detained while strong police reinforcements were dispatched to the city to restore order. In the clashes, which lasted three hours, hundreds of young Cypriots described by police as "hooligans" attacked Arabs in restaurants and other places saying they did not want the Arabs in the town any longer.

A crop of 190m tonnes would be the amount of grain the Soviet Union needs to import to about 40m tonnes from the record 55m tonnes required in the last harvest year.

Cyprus woos Arabs after resort clashes

BY ANDREAS HADJIPAPAS IN NICOSIA

THE CYPRUS Government was yesterday taking urgent steps to avert a possible Arab backlash against Cypriot interests, following an attack by young Greek Cypriots against Lebanese and other Arabs in the southern tourist resort of Limassol at the weekend, in which 11 people were hurt.

Mr Savvas Antoniou, the police chief, strongly condemned the incidents while government ministers were reassuring Arab diplomats that the authorities were taking every measure to ensure the safety of Arabs living or holidaying on the island, and to prevent similar incidents.

WORLD TRADE NEWS

GLOBAL COMMENT DAILY IN THE FT

From October 6th, 1985 a number of changes to National Insurance contributions come into effect. These are designed to help low-paid workers and their employers by reducing the contributions they pay. There is also help for the self-employed and those paying voluntary contributions.

The changes are not intended to affect the individual's benefit rights, even though lower contributions may be paid.

EMPLOYEES AND EMPLOYERS (CLASS 1)

The major change is that a graduated scale of contributions will be introduced. This will mean, for example, an employee earning £80 per week will have £1.60 more in his or her pay packet and the employer will pay £2.76 less.

The upper earnings limit is to be abolished but only for employers.

	EMPLOYEE'S TOTAL WEEKLY EARNINGS	NOT-CONTRACTED-OUT (Payable at this rate on all earnings)	CONTRACTED-OUT (The appropriate Not-Contracted-Out rate is payable on the first £35.50 of earnings)
EMPLOYEES	£ 35.50 - 54.99	5	2.85
	55.00 - 89.99	7	4.85
	90.00 - 265.00	9	6.85
EMPLOYERS	£ 35.50 - 54.99	5	0.9
	55.00 - 89.99	7	2.9
	90.00 - 129.99	9	4.9
	130.00 or more	10.45	6.35

Employers will pay the Not-Contracted-Out rate on earnings above £265 per week for employees who are Contracted-Out.

New contribution tables are being sent to employers together with leaflet NL208 showing the new contribution rates, and a supplement to leaflet NP15 'Employers' Guide to National Insurance Contributions'.

If you haven't received them by September 17th contact

Issued by the Department of Health and Social Security.

AMERICAN NEWS

Small rise in U.S. personal income

By Nancy Dunn in Washington
U.S. PERSONAL income increased a modest 0.4 per cent in July, with wages rising at their slowest rate this year.

The Commerce Department reported yesterday that wages and salaries increased only \$1.7 bn (£1.2 bn) in July, compared with \$10.8 bn in June and \$7.4 bn in May.

The gain in personal income was largely due to a \$5 bn increase in retroactive social security payments during the month which resulted from a recalibration of the wage base of retirees. The report, like previous economic news this month, suggests a slowing economy and came as no surprise to private economists, whose estimates had ranged between gains of 0.2 per cent to 0.7 per cent.

Spending on goods and services also advanced last month by an unimpressive 0.4 per cent. The expenditure figures are being watched closely by economists who are concerned that heavily indebted Americans are becoming increasingly reluctant to spend. Disposable personal income—personal income minus personal tax and non-tax payments—rose 0.4 per cent in July after plumping 2.5 per cent in June.

With wages and spending increasing at the same rate, Americans held their savings rate to 3.4 per cent in July for the second consecutive month.

Air Canada side-steps strike

Air Canada said yesterday it would keep flying in spite of a strike by 3,211 flight attendants that came at the peak of the holiday travel season. AP reports from Montreal.

The airline trained 1,800 Air Canada management personnel and university students as substitutes for the striking attendants.

Rosenberg emerges as the man in charge of Brazil's economy

BY ANDREW WHITLEY IN RIO DE JANEIRO

A PREVIOUSLY little known economist, Sr Luis Paulo Rosenberg, has emerged in recent weeks as indisputably the most powerful of Brazil's quarrelling economic authorities: the country's chief debt co-ordinator and, in practice, though not in title, Minister of Economy.

His official title is the modest one of Presidential Adviser on the Economy. But as a key member of the "kitchen cabinet" President Jose Sarney is gathering around himself, Sr Rosenberg has effectively overshadowed Sr Francisco Dornelles, the

man appointed by the late President-elect Tancredo Neves as Finance Minister and "Sheriff" of the Brazilian Economy.

There has been no official announcement of the change, but the shift of power in Brazil is apparent for all to see. Sr Rosenberg speaks with confidence and authority about "my budget" and "my plans" to deal with bank creditors.

He has also forged a close working alliance with another São Paulo economist, Sr José Sayad, the influential Planning Minister, who, perhaps

best of the Government's ministers, understands the political necessities behind current economic policy decisions.

The São Paulo alignment is one which a country still riven by regional rivalries has been in the obvious disadvantage of the Minas Gerais-born Sr Dornelles and Sr Antônio Carlos Lembaguer, the Central Bank governor, who comes from Rio de Janeiro.

The fact that both these latter officials are orthodox monetarists unpopular with the politicians of the ruling

Democratic Alliance only adds to the gulf between the two camps.

The curious feature of Sr Rosenberg's rise to eminence is that he was a former pupil of Sr Antônio Delfim Neto and later, "backroom boy" for the long-term master of the Brazilian economy, now publicly discredited.

He first caught the President's eye at a "brutalising session" in May when Sr Sarney brought together

in Brasília a group of leading lights on the economy to thrash out a priority agenda

to tackle the country's problems.

In the meantime the President's adviser is setting a cool, deliberate pace of his own choosing. "As time goes by I hope the IMF will see we mean business," he told the Financial Times last week.

As for the bank negotiations, although these are not yet at the centre of attention at the presidential palace, Sr Rosenberg has already mapped out his scenario: New money? "Not only do I not need it (in the years under review, up to 1991) I don't want it," he emphasised.

Diplomat to become coffee supremo

By Our Rio De Janeiro Correspondent

A CAREER diplomat, Sr Carlos Alberto Leite Barbosa, has been appointed as the new head of the Brazilian Coffee Institute, the IBC, following the surprise resignation last Friday of Sr Carlos Rischbieter.

Citing "insuperable differences of style" with government authorities, Sr Rischbieter's resignation is widely believed to be linked to the recent announcement by Sr Roberto Guimaraes, the Industry and Commerce Minister, of a profound shake up in the inefficient and overstaffed IBC, possibly leading to its eventual abolition.

Sr Leite Barbosa, 50, who had been serving as ambassador to Colombia, was confirmed in the key official post, responsible for Brazil's most important export product, on Sunday after a meeting with President José Sarney.

Later Sr Guimaraes said the new IBC chief, regarded as the leading coffee specialist in the Brazilian Foreign Ministry, agreed with his ideas on the administrative reform of the Rio de Janeiro-based institute.

Battered by a series of shocks in recent weeks, the Brazilian coffee industry, the largest in the world, is in a state of considerable disarray. Sr Leite Barbosa's most important initial task will be to restore a sense of confidence and direction.

With less than four weeks to go before the key annual meeting in London of the International Coffee Organisation—the producers and consumers' cartel—the change of command at the IBC has shaken an already deeply demoralised organisation.

Andrew Whitley examines the Sarney Administration's draft proposals for revitalising the economy

Brasilia performs aboutface and puts poverty first

FOR THE first time in nearly 50 years, the alleviation of poverty and its attendant ills are top of the priority list for a Brazilian Government.

As a draft National Development Plan now under discussion says, the greatest threat to national security does not come from the military's traditional bogey of communism or "subversion" but from "the poorest pockets of the great urban centres, unsatisfactory salaries, malnutrition and precarious health services."

The document, drawn up by Sr José Sayad, the Planning Minister, proposes nothing less than a 15 per cent redefinition of the role of the state in the economy and the development of the country as laid down since 1940.

The 39-year-old Planning Minister, a rising star in the five-month old Government of President José Sarney, is the leading edge of the Democratic Alliance, the two-party opposition coalition which came to power on a pledge to "redefine the social debt."

The debt, argues this Government "Green Paper," is to more than 50m Brazilians nearly 40 per cent of the population, who

continue to suffer from acute misery despite the tremendous strides made by the economy since the Second World War.

To alleviate their condition, the Planning Ministry, with the backing of President Sarney, recently initiated an immediate programme of emergency support, a down payment so to speak, on the debt — as well as a parallel "stabilisation" programme for the cut-of-the-kite public finances.

Economic authorities in the Government agree on few matters. But two points on which there is consent, though for different reasons, are the dangers of the snowballing public sector deficit and the economic benefits to be gained from a Thatcher-style privatisation programme.

Sr Roberto Guimaraes, the Industry and Commerce Minister, a successful businessman in private life, and Sr Francisco Dornelles, his dour counterpart at the Finance Ministry, are the zealots preaching the gospel of privatisation out of faith.

In recent weeks both have

made uncompromising speeches in favour of far-reaching "sell-off" of large chunks of state-controlled industry as well as the abolition of Government

supervisory bodies in key sectors such as coffee, sugar and alcohol fuel.

While stopping short of recommending the end of state control of such internationally known groups as Companhia Vale do Rio Doce (CVRD), the mineral-based group, and Petrobras, the oil company, the Industry Minister proposed that, for instance, parts of Sidebras, the steel holding company,

document acknowledges public demands for a reduction of the presence of the state in the productive sector."

The Planning Ministry proposes that, at a time of scarce public resources, what there is available should be allocated to needy areas of traditional government action, notably health, public transport and — in response to the ever-growing problem of hunger in Brazil — basic foodstuffs.

Projects of doubtful social value in the foreseeable future are to be axed. A list of 19 such projects, many of them celebrated "white elephants" such as the so-called Steel Railroad, has already been published. Others may follow if the cuts-hungry Finance Ministry has its way.

The Planning Ministry, with admirable resolve, says that during the Sarney Administration's expected four-year stay in office the Government will not initiate any new industrial, agricultural or infrastructure development project. Funds for those projects inherited at an advanced stage will be disbursed sparingly to finish them off.

In its analysis of the present economic scene, it notes that

there is excess capacity in many parts of the industrial sector, which therefore needs no more state help; there is no more need for heavy public investment in basic raw materials or other industrial inputs and import substitution is well advanced.

While defending the need for a mixed economy in which the state would continue to play an important role, Sr Sayad argued that the massive allocation of resources which previous governments made to the economy actually aggravated the condition of the poorest in Brazil rather than ameliorating it.

Sr Sayad and the other economic ministers in their drive to revitalise and reorientate the economy, are gambling that the private sector will respond to their initiative and take up the space left by the retreating state.

With investment at negligible levels — thanks to the persistence of record interest rates and inflation and uncertainty over the substance as opposed to the rhetoric of Government policy, such a response from private business will take a large act of faith.

WORLD TRADE NEWS

Asean fears U.S. Bill to curb textile imports

By Chris Sherwell,
South East Asia Correspondent

PROPOSED U.S. legislation to limit textile imports is of grave concern to the six-member Association of South East Asian Nations (Asean) because it could do irreparable damage to the region's textile industry, a U.S. Congressional delegation was told in Bangkok yesterday.

The delegation is led by Congressman Sam Gibbons, head of the trade sub-committee of the House Ways and Means Committee. The proposed Textile and Apparel Enforcement Act is known more commonly as the Jenkins Bill.

A team from Asean—which comprises Thailand, Indonesia, Malaysia, Singapore, the Philippines and Brunei—forcefully reminded the U.S. delegation of the grouping's importance to the U.S. in economic, trade and security terms.

The group showed that although growing Japanese overseas production relative to domestic production is only 3 per cent against nearly 20 per cent for the U.S. and even more for West Germany.

The group reported that Japanese companies are diversifying away from making

TAX INCENTIVES URGED FOR JAPANESE COMPANIES

Aid investment abroad, Miti told

BY CARLA RAPORT IN TOKYO

THE JAPANESE Government should encourage overseas investment by Japanese companies through tax and financial incentives, according to a report released by an advisory committee to the Ministry of International Trade and Industry (Miti) yesterday.

Direct overseas investment by Japanese companies last year leapt by 24 per cent to top \$10bn (£7.1bn) for the first time, the advisory committee reported.

Investment in banking and insurance overseas showed the largest increase, nearly doubling from \$1.2bn to \$2.1bn last year.

Nonetheless, the advisory committee called on the Japanese Government to promote overseas investment to help ease trade friction, reduce protectionism and help boost the world's economy.

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TRENDS IN JAPANESE DIRECT FOREIGN INVESTMENT (\$m)

Fiscal year	1979	1980	1981	1982	1983	1984	Growth
Agriculture, forestry and fishery	156	72	111	62	59	11,167	
Mining	267	545	2,534	485	382	484	11,558
Manufacturing	1,693	1,706	2,305	2,076	2,505	22,046	
Construction	85	37	96	44	52	112	703
Commerce	834	797	1,174	1,099	1,164	1,082	11,126
Banking and insurance	198	386	843	533	1,067	2,085	7,054
Services and others	1,006	925	1,758	2,255	3,216	15,590	
Real estate and branch offices	153	210	110	149	200	211	2,583
Total	4,975	4,693	8,931	7,703	8,145	16,155	71,431

Figures based on investments notified to Japanese government.

Cumulative: fiscal 1951 to fiscal 1984.

primarily and are now making large investments in both developing and developed countries.

The areas of emphasis in developed countries have been in electrical machinery, electronics and transportation machinery, the study stated.

"The decision to invest with individual private companies, but because industrial co-operation is an urgent and important task in today's international economic environment, the government should study ways of supporting it through tax and financial measures," the study concluded.

The report also said that the management of overseas operations by Japanese companies was "not yet satisfactory." It called on companies to improve their international management.

"They should make an effort to participate in cultural and volunteer activities as contributing members of the society in which they operate."

More important, "it is necessary to develop personnel suitable for this age of internationalisation."

Mr Robert Dole, U.S. Senate majority leader, yesterday called on Japan to act now to reduce its trade surplus and

head off protectionist Bills in the U.S. Congress, Reuter reported.

"We can no longer afford a trade confrontation. We have one," he said. "The time is past for gestures. Immediate action is needed."

Mr Dole, in Japan with six other senators for talks with ministers and business leaders, acknowledged that much of the \$37bn U.S. trade deficit with Japan last year was due to the vast budget deficit and the dollar's high value.

But he added: "None of this major problem is with Japan."

The Jenkins Bill would "drastically cut" Asian textiles exports and do irreparable damage to a key industry, was contrary to the spirit of free trade, violated provisions of the Multi-fibre Arrangement (MFA) and was discriminatory, the statement said.

The six-nation grouping urged Congress to postpone the negotiation of the MFA to reflect U.S. concerns, saying Asian would view favourably U.S. problems. The U.S.'s biggest trade problems, if insisted, were not with Asean.

The member-states most likely to be affected by the legislation are Thailand, Indonesia, the Philippines and Singapore.

All would face onerous under the Jenkins Bill.

Snampoggetti has developed and patented a system called Recarb which entails breaking down coal into small pieces, mixing it with water and a small dose of an additive agent, and moving it by pipeline to power stations.

At the power station, the coal/water slurry is burnt without further treatment.

Snampoggetti says its system, of which only prototypes have so far been constructed, is the most advanced of its kind, and the company hopes to win other orders both in the Soviet Union and elsewhere.

It says that the Recarb system solves both major problems associated with coal-transport and coal dust pollution.

Snampoggetti will provide the technology under licence, and will also supply the principal equipment and the combustion system. It will be capable of shifting 3m tonnes of coal a year through a 260-m pipe-line the diameter of which will be 530 mm.

Under the Recarb system, a coal-water slurry consisting of 75 per cent of coal is created. The slurry can then be pumped and even stored in tanks, and the system can be used for a wide range of types of coal and lignite.

Other major customers are the U.S., UK, West Germany, and French defence ministries.

Häggund & Söner, which has annual sales of some SKr 1.42bn, also sells deck cranes, tanks, mining and

UK NEWS

Disputes code agreed at Sanyo

A CODE of practice has been agreed between Sanyo and the electricians' union, the EETPU, which builds in to the no-strike agreement at the company's Lowestoft plant a provision for balloting on any management and union proposals to end disputes.

The code, agreed last month, is aimed at providing a stable basis for future negotiations after a breakdown in relations between the union and the company at the plant over a wage dispute earlier this year.

The code lays down that, at the final stage of negotiations within the joint negotiating committee, the parties will attempt to resolve by negotiation any remaining differences to the point where the union will recommend acceptance of the proposals and hold a ballot of its members.

If no agreement is found in the committee, however, the union would be given facilities to organise a ballot. Once the code of practice has been exhausted without agreement, both sides are free to put their case to an arbitrator.

The code of practice gives a new dimension to the Sanyo "no-strike" agreement of the kind pioneered by the EETPU and under heavy criticism from unions on the left of the movement.

SUN OIL's British subsidiary has raised credits of £70m to fund its share of a North Sea gas project of which Atlantic Richfield (Arco) is the operator.

The credits, raised equally from National Westminster Bank and Bankers' Trust, are to finance Sun Oil's 23.33 per cent holding in the Thames Development Project in the southern basin block.

The project, regarded as a minor one in North Sea terms, is expected to cost just over £200m to develop. It has an estimated 450m cu feet of reserves, which are expected to begin flowing late next year. Thames is adjacent to the Leman gas field in which Sun also holds an equity.

FALLING DEMAND for cable television services has resulted in substantial cutbacks at Greenwich Cable Communications in London.

The company, which is quoted on the unlisted securities market, has halved its staff, abandoned its local television and radio production and started looking at ways of raising further funds.

The loss-making group said: "In common with the whole of the cable television industry, Greenwich Cablevision has suffered a continuing and substantial loss of subscribers during the spring and summer months."

A MEETING of creditors of Mr Ron Shuck, the former property developer, has been told that he has debts of over £2m and assets of only £130,000.

Mr Shuck ran the Espley Tyas group which went into liquidation last April with total liabilities of about £48m. His creditors include Barclays Bank, National Westminster, the Midland, Lloyds and William and Glyns.

STC, the telecommunications and computer company, is to lose the services of Mr E. S. Newman, an executive director who will leave the board in September. He is understood to have been in poor health for some time. Sir Kenneth Corfield, chairman, resigned earlier this month after mounting criticism of the company's performance on the City of London.

BRITISH AIRWAYS is to spend £35m during the winter of 1985-87 in modifications to its long-haul Lockheed TriStar jets to improve their cargo carrying capacity.

The changes will increase the aircraft's cargo capacity from seven tonnes to over 12 and enable the airline to earn an additional £10m a year in revenue.

Output flattens but growth 'still on 3½% target'

BY PHILIP STEPHENS

THE PACE of Britain's economic recovery appeared to slacken in the three months to June but output was still well above the level in the same period of last year.

The Central Statistical Office said yesterday that the output measure of gross domestic product (GDP) rose 0.6 per cent in the second quarter of 1985, after a much stronger 1.5 per cent increase in the three months to March.

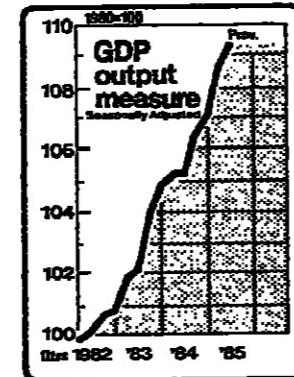
Adjusted for the miners' strike, output was flat between the two quarters. The dispute had only a minimal impact in the three months to June, while it depressed output by about 1 per cent in the first three months of the year.

Almost all of the recorded growth in the second quarter was in the production industries, largely reflecting a 6 per cent increase in energy and water supply and, particularly, the recovery in coal output.

The figures show that, compared with the second quarter of 1984, output was nearly 4 per cent higher in the latest three-month period, although 1 percentage point of that was attributable to the bounce back from the miners' strike which ended in March.

The flat performance in the latest three months is likely to strengthen calls from industry for early government action to bring down interest rates and to engineer some depreciation in the pound's value against other European currencies.

The Confederation of British Industry, after beginning the year extremely optimistic over the outlook for growth, has recently voiced concern that sterling's appreciation



and the high level of borrowing costs could seriously damage the recovery.

The view in Whitehall yesterday was that the economy remained on target to achieve 3.5 per cent growth this year, in line with the Treasury's budget forecast last March.

Officials said that quarterly movements in the output measure of GDP were frequently erratic and often at variance with the other measures of activity - incomes and expenditure. These would not be available until late next month.

On the basis of six-monthly data, output was seen as rising exactly in line with the official forecast.

There is likely to be some anxiety in the Treasury over the outlook for growth next year if interest rates remain close to their present levels. The budget predicted output rising by an annual 3½ per cent in the first half of 1986, but that was before the sharp rise in the value of the pound.

Production stops of Enterprise computer

BY FINANCIAL TIMES REPORTER

PRODUCTION of the Enterprise home computer has ceased. Welwyn Electronics, a subsidiary of Crystalline Holdings, which was the sub-contractor making the Enterprise home computer at Bedlington, Northumberland, announced the end of production yesterday.

At one time, Welwyn Electronics expected substantial orders to make the much-delayed Enterprise computer and announced that a number of new jobs would result from the product. Yesterday it said that a bank guarantee placed with Welwyn Electronics had ensured that there was no financial loss to Crystalline.

"Job dislocation will be minimal

Strong pound expected to squeeze profits

BY PHILIP STEPHENS

BRITISH COMPANIES can no longer rely on a steady boost to profits from a falling exchange rate, and any further improvement in industry's rate of return will depend on a much better productivity performance, according to a new City of London study.

The analysis, from broker Phillips & Drew, suggests that after a brief respite over the next few months the recent appreciation in sterling's value will again put strong downward pressure on corporate profits in the first half of 1986.

Temporary respite will result from the beneficial impact on import costs of a strong pound. Overall, however, the broker suggests that a 10 per cent rise in the exchange rate reduces profits by 4 per cent in the first year and a further 4 per cent in the second.

Abbott lobbies health officials over its kits to test for Aids

BY PETER MARSH

ABBOTT Laboratories, a major U.S. pharmaceuticals company, is lobbying U.K. government officials and doctors in an attempt to change the Department of Health's stance on the company's technique to test for blood samples for Aids (acquired immune deficiency syndrome).

Abbott thinks it could be cut off from supplying Aids tests to Britain - a business that could be worth £15-£10m annually - on the basis of what it says were misleading results from an evaluation carried out by the department.

The Chicago-based company, which has annual sales of \$3.4bn and is the world's biggest enterprise in diagnostic medical techniques, last week sent Dr Derek Bonevitz, one of its senior scientists, to explain its case on Aids testing to department officials.

In an attempt to put further pressure on the UK Government, Abbott is lobbying leading physicians around the country and is organising its own set of trials on Aids testing at one of England's 14 regional health authorities.

In attempts to stop the spread of Aids through donated blood, most West European countries are introducing tests for Aids antibodies at transmission clinics. Diagnostic kits of this kind were introduced in the U.S. in March.

Abbott says it was "surprised and perplexed" by the results of the

Trafalgar declares interest in Vosper Thorneycroft shipyard

BY LYNTON McLAIN

LAZARD BROTHERS, the merchant bank, expects to receive final sealed bids for Vosper Thorneycroft, the Southampton shipyard, by the middle or end of next month in a further move towards the privatisation of British Shipbuilders' warship yards.

At about the same time the bank hopes to issue the initial memorandum for the Vickers Shipbuilding and Engineering company, which will be sold by the Government to Cammell Laird, the Birkenhead warship yard.

Only one company, Trafalgar House, yesterday declared its interest in Vosper Thorneycroft. "We have certainly looked at Vosper, but we cannot say whether or not Trafalgar House wants to bid for the company," a company official said. The management of Vosper Thorneycroft is also understood to be prepared to bid for the yard.

Trafalgar House made an unsuccessful bid against GEC for the Yar-

row warship yard but did not bid for the Hall, Russell yard at Aberdeen.

The initial deadline for companies, individuals or organisations to express a firm intention to bid for Vosper Thorneycroft is 15 March. The statement was made months before GEC had formally signed the contract for the sale of Yarrow.

GEC, the UK engineering and electronics group which bought the Yarrow warship yard on the Clyde earlier this summer in the biggest warship privatisation so far, has decided not to bid for Vosper Thorneycroft. GEC received the memorandum for sale of the Vosper yard but did not request further confidential information about the company.

"It was never in the hunt for Vosper Thorneycroft," Mr Malcolm Bates, deputy managing director of GEC, said yesterday. "I have already written to Lazard Brothers to say we are not interested in Vosper." The company wants to be kept informed about other sales, but it was too early to say what else Trafalgar House was doing.

BL unions told of job losses

BY OUR MIDLANDS CORRESPONDENT

AUSTIN ROVER, BL's volume cars company, told union leaders yesterday that planned cuts in production will throw up a surplus of 940 workers. Most of these, will be retained, thus limiting job losses at Longbridge, Birmingham, to about 200.

Production schedules on the Metro, Maestro and Montego models are being reduced by around 10 per cent from next month in order to reduce stocks. The company blames the move on the distortions to the market caused by the new August registration prefix, which concentrates about 20 per cent of annual UK sales into just one month.

Austin Rover confirmed last night that it is also considering at least a one-week layoff of 28,000 manual workers by extending the September holiday break into the first week of October. While Austin Rover output climbed by nearly 60,000 to 257,000 in the first half of this year, sales so far are only marginally up on last year.

Cutbacks on Maestro and Montego output at Cowley, Oxford, will create a surplus of 600 workers. The company said most of these employees would be redeployed, the majority on the build-up of production of the XX, the new executive car scheduled to be launched next summer.

The slow down of Metro assembly at Longbridge will affect 340 workers, but the company is seeking only up to 200 volunteers for redundancy. Mr Jack Adams, the Longbridge convenor, said shop stewards would be putting an alternative plan to the management tomorrow in an effort to avoid redundancies.

Canning pays £2m to acquire U.S. dental laboratories

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

W. CANNING, until recently a traditional Birmingham engineering company, yesterday announced to MPs in March. The statement was made months before GEC had formally signed the contract for the sale of Yarrow.

Equally, the waste from the industry from gold and metal fillings would provide the raw material to feed John Betts Reiners, a Canning subsidiary involved in the recovery of precious metals.

Mr Probert, a 47-year-old accountant, took over the top job at Canning just before the onset of recession in 1979. He pulled out of process plant and engineering, closed old factories and cut the labour force from 2,500 to 900. Growth is now focused upon the three high added-value core activities: chemicals, metals and electronics.

Turnover fell from more than £62m in 1980 to £47m last year, but pretax profit climbed from £1.6m to £1.9m.

Recent purchases include Euro-mega, a Paris-based distributor of electronic components, in which Canning took an 80 per cent stake last December.

It was in November last year that Canning moved into the U.S. health care market by buying two dental laboratories selling to dentists in the New Jersey and New York areas.

Mr Probert pointed to the economy of visiting dental practices both to deliver new products and collect the waste for Betts Reiners. "We also found that we liked the management we acquired and the markets we were dealing in."

Repeated trips to the U.S. detailed market research by Mr Probert led to yesterday's announcement. He will be travelling to the U.S. next week to supervise rationalisation of the acquisition - "to chop out the loss-makers."

Mr Probert said the quality and management of each of the centres would be crucial.

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TECHNOLOGY

Rival paths to fulfilling a computer user's dream

THE DREAM of computer users everywhere that one day their terminal would be able to talk to any other system is now closer to coming true.

Scientists in Europe and Japan are working on methods of allowing different computers to talk to each other. Both are based on the "open systems interconnection" (OSI) model, but their approaches to the problem are quite different.

In Europe, a consortium including Case Communications, in Watford has received EEC funding for developing network products which incorporate OSI standards and services.

In Japan, however, the main thrust is towards the creation of chips, possibly costing as little as \$200, which will be incorporated into individual micro computers. So far this technology has been used in an adaptor that links terminals and facsimile machines.

According to Dr Peter Scott, head of the National Computing Centre's telecommunications division, there is room for both approaches because there are so many terminals wanting to talk to each other. Dr Scott recently returned from Japan.

The European objective is to enable any make of processor or terminal to communicate over any network

where the adaptor was demonstrated.

He says: "It is partly a philosophical argument which functions are best dealt with in networks and which in individual terminals."

Mr Richard Killick, Case's project manager is in no doubt about the best approach. "Implementation within the network rather than at processor or terminal level is the most cost-effective option for the user. It is also an attractive proposition for telephone authorities wishing to provide these services within their networks. It is difficult to see how the emerging standards for network management can be implemented in any other way."

"Because they are still evolving, putting the whole thing in a chip could limit your ability to change the software to adapt to any country's telephone network standard, for example."

Japan and Europe are taking different routes in the quest for computer compatibility, reports Alistair Guild

will also take another two years to develop, could pose a severe threat to that success once in chip form according to Dr Scott.

Its massive development costs will be offset initially in meeting the demand for micro computers that can talk to a new generation of facsimile terminals soon expected to supersede the large number of facsimile machines already in service. These terminals will accept both incoming pictures (facs) and text.

Even in its present form, the adaptor, connected to a micro via an RS 232 interface, permits communication at up to 4,800 bit/second over the public telephone network. In "extended control" mode, it will also be able to implement teletext protocols. This poses a considerable threat to the whole UK teletext industry, particularly as it operates at much higher speeds than teletext," says Dr Scott.

The Japanese, who are at present marketing the adaptor as a stand alone device plugging into the back of a terminal, do not yet use the full OSI protocols.

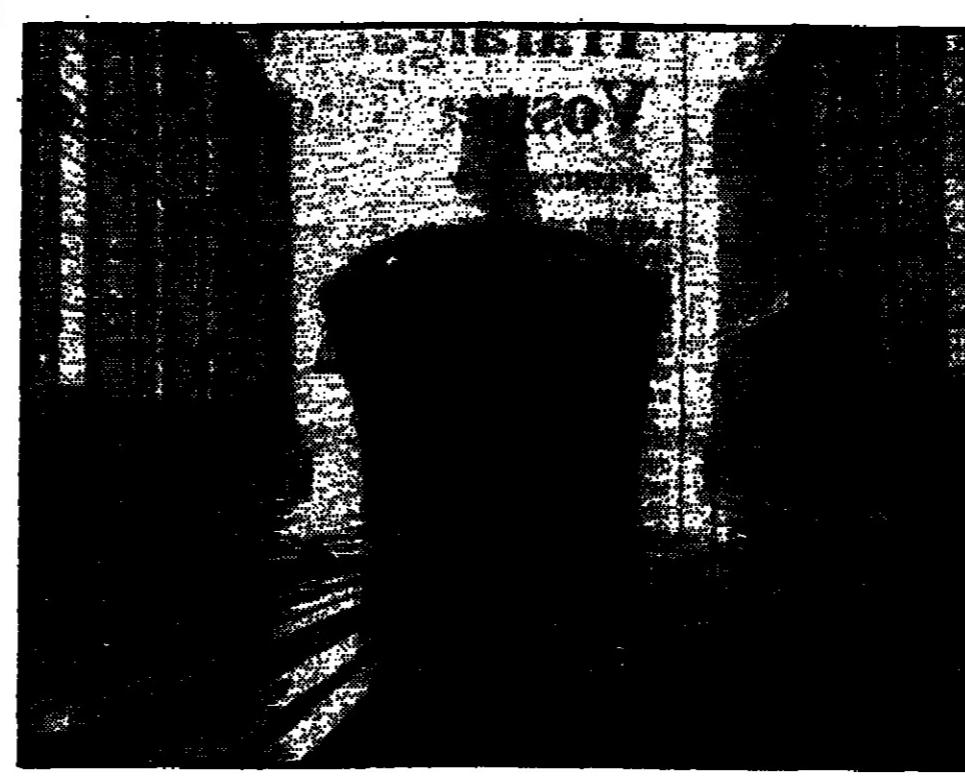
The European initiative could

also benefit from being designed for the packet switching network, which is both faster and cheaper than the public telephone network used by the Japanese technology.

But Dr Scott's overall impression was that the device, demonstrated by companies like Hitachi, Fujitsu, Canon, NEC, Toshiba, Oki and MTC, "could sweep the board". If Japanese manufacturers can implement the protocols and the modem on a chip and sell it for less than \$200, it will be cheaper than most modems on the market today, yet offers so much more.

"It is one more example of the fruitful way in which government and industry collaborate."

The UK Department of Trade and Industry and the Treasury are at present discussing financing of proposed OSI projects, due to get underway in 1988-89.



EDITED BY ALAN CANE

Slipping ahead

WEST GERMAN engineers have come up with a new way to launch ships from slipways that could spell doom for the traditional method of sliding vessels into the water on a layer of grease and soap.

Richard Klinger, a company in Idstein, Germany, is selling sliding plates for slipways made from a material with the lowest coefficient of friction of all known solid substances.

Sliding plates are fixed to a cradle on which the hull of the ship is constructed. The first slipway to use the plates is at a German shipyard in Lubeck-Travemunde (pictured left).

The sliding plates contain a polytetrafluoroethylene called Hoston. Hoechst, the German chemical company that makes it, says the technique could help to cut the costs of ship production.

The soap and grease layers

conventionally used in slipways can sometimes cause problems. For instance, the layer may not be thick enough in places, causing damage as the vessel is launched.

Sliding plates have other uses too. They can help move structures weighing up to 15,000 tonnes in the construction business and in equipping offshore oil rigs. They have also proved useful in the erection of bridges and industrial plant.

In a further application, the plates can be permanently embedded in buildings to allow movement during the life of the structure caused by heat expansion, vibration or settlement.

How video threatens TV's advertising revenue

Video & Film

BY JOHN CHITTOCK

COMMERCIAL television in Britain is not having a happy time. Apart from the start to 1985 in terms of advertising revenue, the ITV companies fear the possibility of having to share the advertising cake with the BBC. Nor are they happy about new media technology.

The videocassette recorder has encouraged a habit that is unpopular with TV advertisers—the use of the fast forward button to skip commercial breaks.

The opportunities arise in the UK because video recorders now exist in millions, not hundreds of homes; cable television reaches tens of thousands and maybe millions soon; and some satellite services—such as Sky Channel—are making international audiences available.

Sky's latest deal (in French-speaking Belgium) leads them to claim a potential audience of 4m—albeit little over half the video recorder population in the UK alone.

Sponsorship obviously hovers in the wings when such opportunities are available, especially since these new outlets generally need as many programmes as possible at as little cost as possible. One of the latest plans for satellite TV in Europe for example is a business channel—provisionally named Executive—based on sponsorship plus advertising.

The availability of large audiences has meant that editorial control of moving pictures is no longer the sole preserve of the broadcasters or cinema chains. Video cassettes are becoming a credible alternative to advertising channels for UK cable rely on similar concepts, and there are

holders by Currys in their fight against the Dixons takeover; a ploy also used in the recent Burton/Debenhams battle.

There are, however, new problems for industry now that technology has swept aside the political and editorial controls that existed with the traditional media. These problems are concerned with quality and credibility.

The sheer volume of television and video programming now being offered to viewers threatens to drive them into a state of electronic epilepsy. Against the highly personalised editorial attitudes of the BBC and ITV, the average sponsored programme lacks credibility with its relentless determination to get a message across instead of allowing the viewer to form an opinion.

It may be rare to find a Government agency showing how it should be done, but this is precisely what the Central Office of Information has been doing for many years—especially with their science series Perspective. These 26-minute programmes—of which 13 are produced every year—have covered everything from computer technology in the aerospace industry to new discoveries in chemotherapy. They have a straight, objective style about them—very similar to the

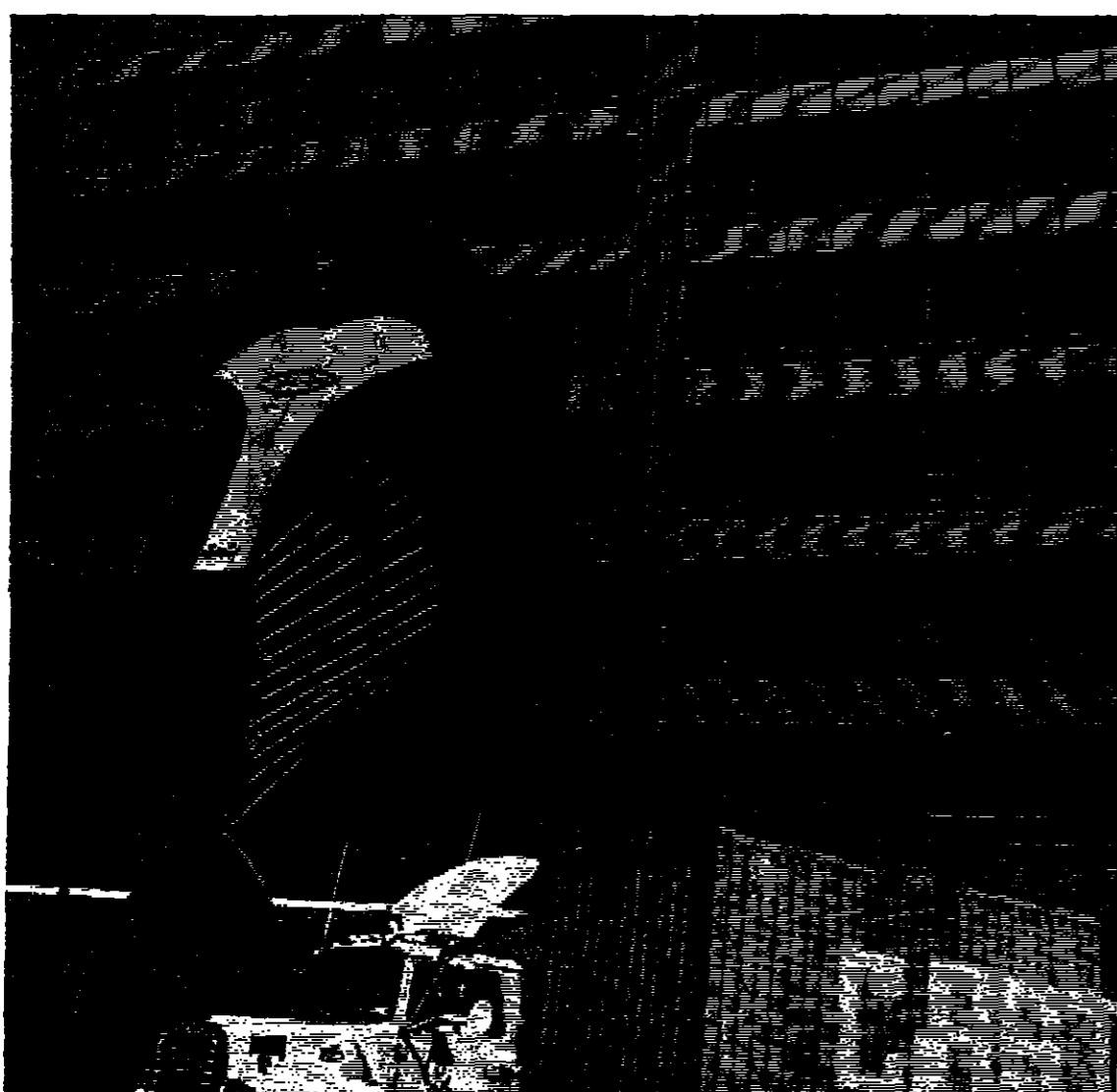
much-admired BBC series Horizon—and in consequence have reached national television audiences in some 38 countries around the world and achieved a stature that belies their PR intention of projecting a scientific image of Britain.

The COI's task has not stopped at technology. Over the last five years, five films have been made and seen on overseas television to present a balanced view of the Afghanistan war; and just a few weeks ago, the COI completed a documentary on life on the Falklands.

However, the COI's success should be a warning as well as an encouragement. Although the proliferation of new delivery systems now makes large audiences more accessible to sponsors at low costs, the bewilderment with technology must give way to a greater concern for production quality; and concern for the intelligence and needs of those at the receiving end. Viewers are becoming more discriminating, as are the distributors who nonetheless want cheap or free programmes.

The computer industry found it necessary to create the aphorism "garbage in, garbage out." The time is right for the media business to discover that a programme paid for is not necessarily a programme watched.

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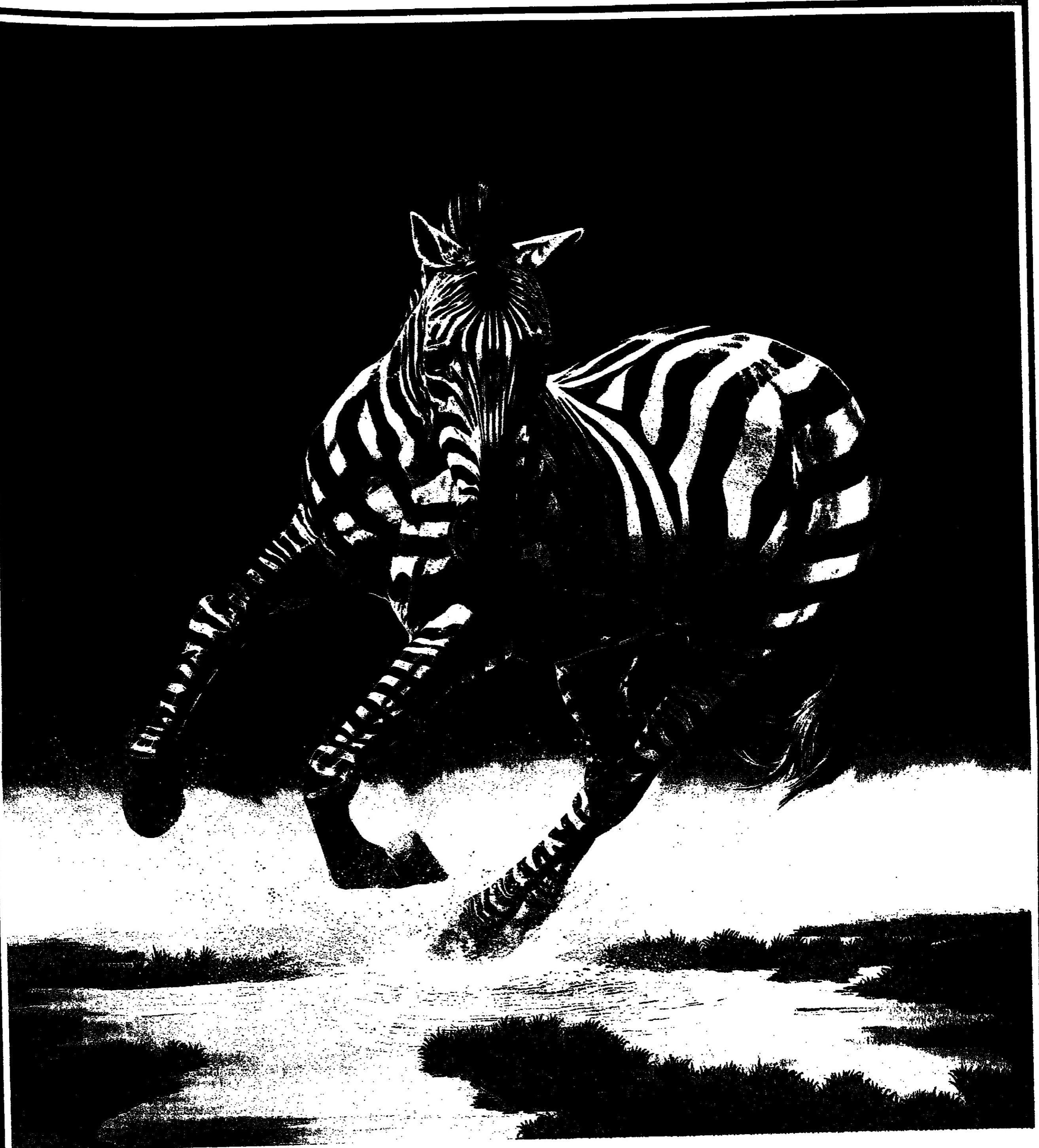
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In the wet, it's a bit of a beast.

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THE MANAGEMENT PAGE: Small Business

More competition in defence contracts

THE UNION of Independent Companies has received a "very positive response" from Ministry of Defence officials to its proposals for making it easier for small businesses to win a greater share of Britain's annual £2bn weapons procurement programme.

Bill Poeton, president of the UIC, led a delegation in April to Adam Butler, Minister for Defence Procurement, and Michael Grylls, chairman of the Conservative back bench Industry Committee, calling for prime contractors to make public information on the costs of components they buy from sub-contractors.

Poeton presented a report suggesting that the MOD should adopt the U.S. practice of compelling contractors to put out components to competitive tender, rather than relying on favoured suppliers, and that the Ministry should press other European governments to do the same.

The report, commissioned by Butler and the Conservative Small Business Bureau, of which Grylls is chairman, was prepared by Poeton with a consultant from accountants Peat, Marwick, Mitchell and an OMB official. It has now been passed to senior cabinet ministers. It is understood that Michael

W. D.

A market-place for the entrepreneur

BUSINESS in the Community is examining ways of launching nationally a scheme to allow business youngsters to demonstrate their entrepreneurial ideas in public.

BIC, the umbrella group for Britain's more than 200 enterprise agencies, is one of the organisers of the recent Work for Yourself Fair held in London's Covent Garden Piazza. The event, sponsored by Legal and General Assurance, attracted 98 small ventures, most of whom were clients of Project Fullemploy, the charity devoted to offering business training to young unemployed people in inner cities.

Greater London Council gave them a day's free use of the stalls in the Piazza, for which there is normally a four-year waiting list. The participants, some of whom travelled from as far afield as Birmingham and Newcastle-upon-Tyne included a colourful array of enterprises, even if some were of varying

W. D.

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RESEARCH IN SPACE

Post-war impact of Germany's V2 pioneers

By Peter Marsh and David Marsh



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THIS summer marks not only the 40th anniversary of the Second World War, but also of breaking-up of the remarkable team of engineers which developed the world's first space vehicle, the German V2 rocket. The events of 1945 marked a significant stepping stone in mankind's race into space.

Germany's rocket team, based at Peenemuende on the Baltic coast, developed the V2 as a weapon to carry 1 tonne of high explosive on a course into the earth's atmosphere and down, without warning, on to a target several hundred miles away.

A total of 2,500 V2s were launched from September 1944 to May 1945, when Peenemuende was overrun by the Russian Army. About 1,200 of the devices were directed at Antwerp, where V2s killed nearly 4,500, and 517 V2s landed on London, killing 2,500 people.

After hostilities ended, the team's leading members continued their research in the U.S., the Soviet Union and other European countries. They had the most impact in the U.S., where the German emigres formed the nucleus of the U.S. Army's rocket teams and (when it was formed in 1958) of the National Aeronautics and Space Administration.

Today, Peenemuende's engineers are only a small, thinly-scattered group living in various parts of the world but the contribution of individuals from the V2 programme to space science has been enormous.

They have played a vital role in developing the vehicles that took people to the moon, satellites for tasks such as communications and scientific experiments, and nuclear missiles that over the past four decades have changed radically strategies for fighting wars.

They have also made an important impact in a range of more diverse technologies, such as navigation systems for ships and other vehicles, work on robots for difficult or hazardous jobs and the development of magnetic bearings for gas pipelines and nuclear power stations.

The most famous of the Peenemuende workers was the team's second in command, Wernher von Braun, who went on to become chief rocket designer for the U.S. National Aeronautics and Space Administration after it was formed in 1958.

"The overall effect of work in space has been greatly to benefit the world," says Rudi Beichel, now 71, an ex-V2 engineer who lives in semi-retirement in Sacramento, California.

"Think of the research in space. How could you imagine weather forecasting or telecommunications without satellites? Soon we won't have to travel any more to talk to each other because of advances in telecommunications. Can you imagine how life today would stand up without rockets?"

Georg von Tiesenhausen, also 71, is the last Peenemuende German still to be working for NASA. He is assistant director for advanced systems at the agency's Marshall Space Flight Center in Huntsville, Alabama.

For von Tiesenhausen, who in the past few years has mapped out NASA's policy on using robots rather than people for the international space station planned for the 1990s, events over the past 40 years, far from moving too quickly, have taken place too slowly.

"The pace of change has been getting faster, it's true — but it's not fast enough for all the things we want to do," he says. Von Tiesenhausen has published blueprints for self-replicating robots that would operate factories on the moon.

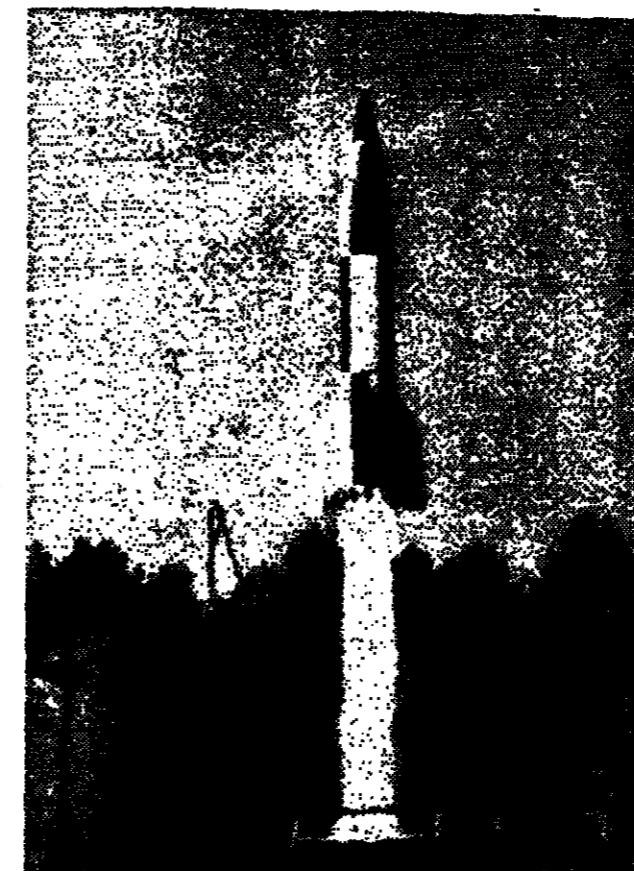
One trend that worries him is the increasing military applications in space. He is a critic of the U.S. Star Wars programme, which seeks to devise the basis of a defensive system in space against Soviet nuclear missiles.

"I'm biased against anything military. I think the Star Wars project is a big mistake. Space was always heralded as a place we could keep for peaceful uses. Now we're contaminating it."

Von Tiesenhausen would like to see another joint U.S.-Soviet manned space mission—the last (and only) such mission was in 1975, before the breakdown of detente. "A link-up between the space shuttle and Salyut (the Soviet space station) would be desirable from both a political and technical point of view."

A third member of the Peenemuende team is 68-year-old Helmut Habermann, a Czech-educated naturalised Frenchman with a taste in pearl necklaces, who is scientific adviser to Societe Mecanique Magnetique (SMM), a company in Vernon near Paris.

Habermann is one of roughly 50 members of the German rocket team who emigrated to France after the war. He started work in 1946 at France's ballistic and aerodynamic research laboratory (LRBA) in



The V2, leaving the launch pad during a British-controlled firing from Cuxhaven, Germany in October 1945

Vernon, which later became the test site for the motors built by SMM's parent company, Societe Europeenne de Propulsion (SEP), for France's nuclear tipped ballistic missiles and for the Ariane satellite launcher.

SMM is to make the technology available to Rockwell of the U.S. for incorporation into the engines of future space vehicles. It has other joint ventures in the bearings with Kojima of the U.S. and Seiko of Japan.

SMM, which was set up in 1976, has spent about Fr. 35m developing the bearings and servomotors needed to steer the V2 led to developments in inertial guidance systems for navigation and control of the world's armories of submarines, aircraft and ballistic missiles.

In the 1980s, Habermann went on to work on non-friction magnetic bearings which can rotate at 500,000 revs/minute — three times faster than conventional ball or roller bearings. The magnetic devices are already in use in high-speed milling machines making aircraft parts and in vacuum pumps, X-ray tubes and compressors.

The bearings are also to feature in the turbines of French and German nuclear plants now under construction.

Tobacco giant Philip Morris has invested in SMM.

The rocket pioneer's experience with the gyroscopes and servomotors needed to steer the V2 led to developments in inertial guidance systems for navigation and control of the world's armories of submarines, aircraft and ballistic missiles.

Looking back, Habermann says: "As a weapon, the V2 was not all that interesting. It represented an enormous effort and a lot of money to transport one tonne of explosive for 300 km."

At the time of its development, Allied aircraft were raining down thousands of tonnes of bombs in single raids on German cities.

Werner von Braun, the guiding light of the German rocket team, was thinking more of Vergeltung or vengeance, the programme cost Germany about \$25bn in today's prices — a similar sum to the cash earmarked for the U.S. Star Wars research project. At its peak, the Peenemuende base employed about 6,000 people.

"We were living on an island, completely cut off," Habermann recalls. "For us engineers, it was fascinating."

He says he was not aware of Hitler's demands to speed up deployment of the rockets in

"the later stages of the war, nor of the possibility (if the con-

flict and German research had gone on long enough) that they had fled to escape the advancing Red Army."

In September 1945, in Operation Paperclip, the U.S. shipped across the Atlantic about 500 German rocket experts, including Rudi Beichel. They ended up at the White Sands proving ground in New Mexico where they began work to use V2 technology to create new generations of missiles.

Beichel left von Braun's team in 1956 to work for Aerojet, the Californian rocket company. In aerospace circles today he is known as the "father of the high-pressure rocket engine".

Habermann, meanwhile, took a different route. He worked for a spell in October 1945 for the British Army. In a bizarre exercise known as Operation Backfire, Habermann and other German technicians fired leftover V2 rockets from Cuxhaven in North Germany to show UK military experts how the devices worked.

Later, 20 Peenemuende engineers went to work in Britain for the government, but the research petered out through lack of funds.

As for von Tiesenhausen, he stayed in Germany immediately after the war and took jobs in teaching and driving trucks. He went to work for von Braun in the U.S. in 1955.

Of the other rocket engineers employed at Peenemuende, 2,000 fell into Soviet hands after the research base was captured. They were taken to Russian rocket establishments but — probably because, unlike the U.S., the Soviet Union already had substantial expertise in rocketry — played a relatively minor part in Soviet space and missile developments after the war.

The V2 development was an enormous undertaking. Together with Germany's other V weapons, the V1 unmanned aeroplane ("V" stood for Vergeltung or vengeance), the programme cost Germany about \$25bn in today's prices — a similar sum to the cash earmarked for the U.S. Star Wars research project. At its peak, the Peenemuende base employed about 6,000 people.

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flict and German research had gone on long enough) that they had fled to escape the advancing Red Army."

"Everything we wanted for the project we had to develop from scratch," says Beichel. "In technical terms, it was a marvellous effort."

Von Tiesenhausen worked at Peenemuende mainly on static test facilities. Towards the end of the war, he was assigned to design submarine launch platforms from which the V2 would have been fired at New York.

The war ended too soon for these ideas to reach fruition. Later, other engineers turned them into submarine launching systems for missiles such as Polaris and Trident.

The most important hardware to come out of the German rocket programme after the war was the stock of 100 V2 rockets that, as part of Operation Paperclip, the U.S. transported to New Mexico.

Between 1946 and 1952, the German emigres launched 64 vehicles based on the V2, mainly for scientific experiments. These adapted rockets were more powerful than the original V2s and commonly reached heights of 180 km above the limits of the atmosphere.

In February 1949 came a milestone. The world's first two-stage rocket (one based on two sets of engines and rocket fuels, burning in succession) was fired 400 km into the heavens, higher than any other man-made object.

The rocket was the precursor to all later U.S. space vehicles, including the Saturn 5 that took 12 Americans to the moon and today's fleet of Space Shuttles.

One recollection from Habermann sheds light on just how near Germany came to changing history with its V2 weapons. Had Germany managed to build and launch anything like the 50 to 60 rockets a day originally planned, the Second World War might have ended differently.

One reason why these numbers were never achieved, he says, was the vast quantities of potassium needed for conversion into alcohol which (with liquid oxygen) provided the V2's propellant.

With 4 tonnes of alcohol needed for each rocket, every flight used the equivalent of a day's staple diet for a small German town. When it came to an argument between food and rocket, it was food which won.

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THE ARTS

Edinburgh Festival/William Packer

Themes and individuals

My rough tally of the exhibitions I have seen in and around the Edinburgh Festival this year runs to something over 30 and is by no means exhaustive. Last week I dealt with the principal exhibitions upon the theme of France and the Auld Alliance, and so now for the rest, and a very mixed bag it is.

S. J. Peploe at the Scottish National Gallery of Modern Art is an important exhibition, a full retrospective study of an artist whose reputation has survived well enough in the 50 years since his death but who is still too often his disadvantage by critical emphasis upon his membership (with Ferguson, Hunter and Cadell) of the little group of Scottish Colourists. On this evidence, though it is a little over-copious and unbalanced in its presentation, he clearly deserves better than that—and, perhaps, so do they all.

Possessed of an extraordinary natural gift that matured early, and intelligently aware of the contemporary progress of French painting, post-Cézanne and Fauve developments especially, Peploe addressed himself in the years after 1910 to those current preoccupations with colour not as surface but as form itself. In the work of his middle and later years his palette, lightened and the paint grew more cotted and static, and the drawing simpler and more

It also grew duller, safer and more predictable, and it is the only fault of this exhibition that it, too, does go rather than labouring the point. That said, the size of degree and does nothing to lessen the exhibition we feel before the work of the younger man, fresh from the schools of Edinburgh and Paris in the middle 1920s. His conscious admiration of the speed and flair of Hals, the glamour and opulence of Sargent, the simplicity of Manet and the radical adventure of Matisse is evident enough, but he makes of it all something quite his own. His Mrs Peploe of 1906 is only one of several major portraits that give way to no one, and a small drawing on the landing of 1908, another head and shoulders of a woman her face in shadow, is one of the loveliest things on show in Edinburgh (until September 8).

The Tribute to Wilkie, that earlier hero of Scottish painting at the Scottish National Gallery has been treated

already on this page. Wilkie is without question a major figure of the early 19th century but critically underrated and thus neglected for far too long, dismissed by the revulsion of taste away from anecdote and incident in painting, and a general British distrust of conspicuously skill. Here (until October 13) we see him true in his proper context, heir to the Hogarthian tradition of genre and history painting. But the important thing, given the opportunity to make the comparison with so many of those he influenced and directed, is to see just how good he was: the sentiment always mediated by clear observation and fresh, easy handling. There is a disinterested quality in his vision which confers a kind of gravitas to the work, though the statement is often small and the image mundane.

There is much Scottish art about, and nowhere more so than at the Fine Art Society with three distinct exhibitions and all its stock besides. Of the three Victorian artists, Joseph Crawhall is the most substantial and there are as many of his virtuous watercolours of animal and sporting subjects as can have been seen together for many years. There are moments in his work when his mark-making in his description of a cobra's tail for example, for all its apparent exactness, takes on an original quality of calligraphic abstraction and finality, which is quite astonishing.

The work of Edwin Alexander is remarkable in its own way, for his grasses, wild flowers and spider's webs are minutely observed and realised and yet stated with a speed and freshness that clears them of all obsessiveness. Downstairs are the sketches and family correspondence of Alexander Mann, and a group of his life drawings that take us right back to the mid-Victorian academy (until August 31).

And there is of course a mass of work by living artists, Scottish, English and international. Elizabeth Blackadder shows a body of her large new watercolours of flowers and still life subjects; I consider her one of the best painters working in Britain. Her command of her medium, with which she has been preoccupied for the past few years, grows ever more particular and consummate. Yet her work is always full of surprises, for she has the true artist's nerve to trust the medium itself, in the intuitive

work of living artists. The

touch she makes upon the surface, and the flow of pigment across the paper, to lead her on to achieve the image she herself has proposed, but in its own new way. These are lovely and spectacular works (until September 7).

The contrast with Peter Joseph at the Graeme Murray Gallery could hardly be more extreme, or so it would appear. Yet his minimal canvases, one plain rectangle set upon another, darker ground and nothing more—are informed in fact by a subtle physical working of the surface that brings the two artists surprisingly close together: a quality of light and shadow infinitely varied and modulated, though we must look long and hard to catch it. Joseph's paintings prey upon the pictorial imagination in the most gently teasing way, yet easy, borne along on images of violation and abuse, masculine anxiety and self-doubt.

Richard Demarco, with four Polish artists at his gallery in Jeffrey Street, supplies a further international dimension with a young painter, Leon Tarasewicz, especially impressive with three large, vigorously simple paintings of men and snowscapes; and the books of Andrzej Szewczyk opaque and physically beautiful. Demarco also shows Scottish artists in the lobby of the Carlton Hotel, notably Stephen Lawton with his sequential panoramic photo-montages that curiously contrive an acceptable image of the range of time; and in unit 10 of the Waverley Market he shows another colleague that includes his own topographical watercolours, Pat Douthwaite's Expressionist heads, and the work of Douglas Swan.

And there are all the mixed shows: Edinburgh-Dublin at the Edinburgh College of Art that explores the capital axis and cultural interchange as it has gone on this century past. Arts and crafts movement, architecture, painting and sculpture now, with a history of the Edinburgh Tapestry Company of the Dovecot Studio into the bargain. There is Andrew Brown showing off his stable of young Scottish Expressionists at the 389, but showing off rather more his amazing new premises and cultural complex in the Cowgate which is to unfold its virtues over the coming year. The Talbot Rice Gallery has a show on Themes on Landscape in Contemporary Scottish Art (until September 14), with Barbara Rae's collaged canvases most impressive, and so too Jake Harvey's incident-filled bronze screens.

The City Art Gallery has three exhibitions (until September 21) that each deserve a fuller treatment than is possible here: American Drawings from Benjamin West to the present day (from the Carnegie Institute in Pittsburgh); a most extraordinary exhibition of pre-Columbian ceramics from Costa Rica in the Sackler Collection; and A Breath of French Air, works from the City's own collections that evince the influence of France upon Scottish painters since the 18th century. And there is Symbols of Power at the Time of Stonehenge, a dense, fascinating and at times ravishing installation and display of bronze and gold and stone and clay at the National Museum of Antiquities of Scotland (until October 13).

Treasures of Fyvie at the Scottish National Portrait Gallery is perhaps the most delightful of all these mixed shows, a celebration of the contents of Fyvie Castle that with the building of the Scottish National Trust last year. The collections were largely the creation of Alexander Fyvie, the millionaire industrialist who bought the castle in 1889, and are especially strong in Romney and Raeburn, of which the painting of the enchanting Mrs Gregory in Whistlerian grey and white is outstanding.



"Sketch of a Woman" (1908) by S. J. Peploe

But more dramatic are the great full-length Hopper of Lord Nelson, at once grand and psychologically most intimately observed; and the ebulliently painted Queen of 1786 by Collier Gordon, resplendent in his kilt flounced for all the world as proudly as any Roman toga. He is as good as any to leave in the mind as the very image of the visual Edinburgh Festival of 1985.

'Saint Joan' and 'The Tempest' to tour

Jane Lapointe, Anthony Quayle, Tony Britton and Clive Francis will star in Compass Theatre's UK autumn tour of Saint Joan and The Tempest. Saint Joan will open in York on September 9, and The Tempest at Bath on October 1.

Other towns visited are Brighton, Newcastle, Plymouth, Bournemouth, Wolverhampton, Leeds, Glasgow and Aberdeen. The productions will also be going to the Hong Kong Festival from January 27 to February 8.

Baroque bill/Lyceum, Edinburgh

Rodney Milnes

It was something of a coup for the Edinburgh Festival to secure the first UK appearance of William Christie's Les Arts Florissants, the Paris-based Baroque troupe that has built up a formidable reputation, hitherto based here on a series of widely admired gramophone recordings in its mere six years of existence. If Sunday's double bill of Marc-Antoine Charpentier's *Action* (c 1685) and Rameau's *Anacréon* (1758) at the Royal Lyceum Theatre was a slight disappointment, doubtless the "technical difficulties" that delayed the curtain-rise by 30 minutes had something—though not everything—to do with it.

"Authentic" performances must above all strive to avoid any suggestions of the bogus in addition to those already built in (for a start, why are they not being given by candlelight?). Here Mr Christie and the orchestra appeared in the pit—deeply unauthentic in its period costume and the curtain that rose for the Rameau's *Action*. Some scenes of carnival merriment that in 1758 would have had the theatre closed down within five minutes. In both works the conflict between musical authenticity and visual freedom raised the sort of unanswerable problems that call the whole authentic movement into question.

Although it is plainly impossible to supply audiences with special Baroque ears, this particular pair has grown wearily used to the fact that instrumental sound is going to be illuminated by today's standards. But does this really have to extend to the singers as well? With one exception the soloists were distinctly below par not only in this respect but in those of declamation—the *sine qua non* of French vocal art—and phrasing.

Edinburgh Fringe

Martin Hoyle

when festival-goers' thoughts are turning to gridiron-cakes and bannocks: a shame, since his speech-song delivery and diffidently donnish air as he accompanies himself at the piano make for rewarding listening.

Easier settings of Brecht plus such scene-setters as "Brother, can you spare a dime?" and his own translation of "Falling in love again" make up the first half. I was more taken by Kozma's settings of *Prevert*, perhaps because of their unfamiliarity, again rendered in both the original and Mr Bentley's English, notably a song written for Arletty in *Les Enfants du Paradis* but never used. Updated and Americanised, the tart changes sex into "The queen of 42nd Street"; "My lips are much too red, my lips are much too new. This is the way I am—so what? What's it to you?" Mr Bentley ends with some of his own songs, including the fine Brecht-inspired "The Uncommitted" and a sort of love song, "Whatever the hell that means, I love you." He deserves a smoky cellar bar crowded with admirers; but tea-time passers-by will have to do.

South Bank Summer Music

Max Loppert

This year's Summer Music (18 August-1 September), the second under John Williams' artistic direction, has a strong infusion of Summer Folk. Sunday night's opening concert, given in the Festival Hall by the English Chamber Orchestra under Alexander Gibson, combined both: in the first half Mozart, Vivaldi and Villa-Lobos, in the second the first British performance of Shaun Davey's *The Brendan Voyage* for Irish pipes and orchestra.

Sir Alexander and the orchestra set off the evening with an easygoing account with the Mozart Major Symphony (K207). It was有力地 played, pleasantly light in manner, not getting where the music can legitimately be made to be. (The curtains that belong to the current ballet occupation of the hall seem to dull its already dry acoustics somewhat further.) Mr Williams (flute) and Norbert Blume (viola d'amore) then took the lead in a beautiful Vivaldi D minor double concerto (R540)—unusually sober in its outer movements, carefree and intimate at the centre—

Albert Hall/Radio 3

Andrew Clements

Cumberlidge's promotion to something near cult status since he became a chief guest conductor of the BBC Symphony Orchestra may not have seemed so surprising to those who heard the recordings of Bruckner symphonies he made in the 1970s, which gave ample proof of the authenticity of his credentials in the German tradition.

What he promises to restore to the BBC SO is something of a 19th century sound. It is a band trained over many years to be most responsive in contemporary scores, so that lean flexibility has been favoured over warm expressiveness.

There were signs in Saturday evening's account of Bruckner's eighth symphony that Wand, at least for the duration of his visits, is beginning to confer that kind of wholeness upon the orchestra. The strings still do

Sáry's Sonata Grande/ICA

Dominic Gill

László Sáry (b 1940) is the senior founder-member of the New Music Studio in Budapest, a group whose key role in the development and dissemination of contemporary Hungarian music I have described on a number of occasions during the past 10 years or so on this page. The members of the group have exceptionally diverse, and often quite rapidly changing, musical preoccupations. Sáry alone, in his quiet and unassuming way, has been remarkably faithful to an early Cagean star: a special interest in the use of random chance procedures in composition which developed in the early 1970s has dominated his work ever since.

The latest in this line, a Sonata Grande for solo piano, was given its premiere on Sunday night in Adrian Jack's MusICA series at the ICA. The chance procedure which Sáry employed to compose his sonata is almost embarrassingly simple: he took the published score of Charles Ives's Concord Sonata,

turned it upside down, transposed the bass and treble clefs, snipped each page into lines, shuffled the lines according to a random system, and with very few other alterations put the inverted lines together again to invent his work.

Sáry's Sonata Grande is therefore no more and no less than a randomised upside-down version of Ives's Concord Sonata—the debt to Ives is somewhat incompletely acknowledged in a programme note. Sáry's colleague Zoltán Jeney tried almost exactly the same experiment a few years ago with a movement of a Mahler symphony. What is remarkable in both cases is how much of the unmistakable and original manner of the composer still remains in the topsy-turvy adaptation.

Jeney's "homage" used none of Mahler's original notes, or any of his original instrumentation: yet every page of the music has a flavour, instantly recognisable, of Mahler. By

turmoil it has been, the permutations of Ives should have resulted in perfectly un-Ivesian gobbles—interesting perhaps in their own right, but of no personal relation. In the event the Sonata Grande has an Ivesian resonance in almost every measure: it is not Ives's Concord Sonata, yet it recalls no other work, and no other composer, so readily. The exercise gives rise to some intriguing questions: in particular, in what qualities of his music does the irreducible essence of a composer lie?

The fact that the performer Alan Feinberg (as he admitted to us in a brief talk before the recital) could never quite banish the sound-world of the Concord Sonata from his own mind as he played may have helped us unconsciously to affirm the link. The performance was impressive, bright, tough and exact. It marked Mr Feinberg's British debut: I look forward to hearing him again in London, with a larger assortment of music, very soon.

In Friday's Prom, under the baton of the Dutchman Kees Bakels, never reached quite such dazzling heights—but several times closely approached them and consistently stirred vivid memories of them by the very freshness and clarity of

National Youth Orchestra/Albert Hall

Dominic Gill

The National Youth Orchestra's memorable new year concert in Croydon under Pierre Boulez 15 years ago showed how, given the right stimulus, a group of dedicated and expert, though not yet "professional" teenage musicians can match in virtually every respect (and, in some, better) the performance of a regular professional band.

Their account of Debussy's *La Mer* was the finest I have ever heard from any orchestra. A passing regret that the NYO are not able to draw more often on a wider range of the greatest conductors—how exciting it would have been to hear them in the 1950s under Klemperer, or today under Abbado, Giulini, Sanderling, Solti!

Friday's Prom, under the baton of the Dutchman Kees Bakels, never reached quite such dazzling heights—but several times closely approached them and consistently stirred vivid memories of them by the very freshness and clarity of

pianist Paul Wittgenstein for whom Ravel wrote his left-hand concerto) are an exuberant compendium of keyboard techniques in a dizzy variety of styles. The Irish pianist Philip Martin was the accomplished soloist; the orchestra rose to every one of its individual challenges with wit and evident pleasure.

Though having whistling tunes really were a necessary criterion of excellence (which it isn't) *Divisions* has more of them on every page than *Spring Music* (except for truly dedicated whistlers) has in all its 11 minutes.

A greatly reinforced youth-orchestral body returned to occupy every square foot of the Albert Hall's platform after the interval for Shostakovich's fourth symphony. It was a brave and brilliant performance, suffused with energy: the huge first movement powerfully driven, the finale's dark burlesques exceptionally firm and sure.

Britten's *Divisions* for piano left-hand and orchestra (written for the one-handed

its sound and by the extraordinary response, instant and exact, which this orchestra of young pre-professionals invariably gives its conductor.

They opened with Nicholas Maw's *Spring Music* in its new, shorter version of 1984: in the composer's words "a good opening item for a concert," full of "tunes people could leave the hall whistling." It is a beautifully written, nostalgic excursion through Brahmsian, Delian, Brittenish and Bartókian territories: a remarkably successful synthesis which, though it sets up a great number of sympathetic resonances, never is, and, more important, never sounds like, pastiche. In particular, Maw avoids with great success what is not in absolutely every instance that blithely orchestral jiggling which an English tonal master is the orchestral stereotype for "fun." Splendid performance too.

Britten's *Divisions* for piano left-hand and orchestra (written for the one-handed

its sound and by the extra-

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Tuesday August 20 1985

British Rail on the spot

THERE IS no question that British Rail should become more efficient and more productive: no question that the productivity improvements — of which the disputed introduction of driver only operated trains is only one—should come in, and the sooner the better.

British Rail will save only an estimated £27m annually at the end of five years from this innovation. But it sees it, probably rightly, as of great symbolic and practical value in securing the principle that change must take place at a faster rate than the snail's pace which its present consultative procedures have so far allowed.

To say that does not, of course, go very far: it does not answer the increasingly urgent questions on how far the Government wishes to support the rail network, how far it recognises that the costs of road transport are less easily expressed than those of rail are in the BR accounts, and how far its sympathies with the considerable environmental problems which would be experienced by growing numbers of people in both industrial and rural areas as more freight moved from rail to road.

These issues require a more detailed exposition than they have yet received: but they do not detract from the point that BR must and should become more productive.

Ballot

Even within these restricted parameters, however, matters are not as simple as that. For in introducing trains modified for driver only operations, BR has had to move outside the procedure agreed it signed with the unions, claiming that the process has been exhausted and (with doubtful authority) that the principle has been accepted by the agreement to run one man trains on the Bedford-St Pancras line.

Mr Jimmy Knapp, the NUR general secretary, has learned his lesson from the miners' strike, and is unlikely to lead industrial action which does not have the full-throated support of the 11,000 guard members as expressed in a ballot. The NUR may cause a good deal more disruption much more quickly than the miners were able to do, but the way in which they do it will be likely to deny the Government and the BR board the high moral ground which the former was able to occupy from March 1984 to March 1985.

The issue of procedural agreements raises the question of whether they should be accorded legal status. This has

ON MAY 26 this year a team of Chinese and Japanese climbers reached the summit of one of the world's few unconquered peaks, Mount Naimona Nyi in Tibet. Standing 25,198 feet above sea level, the mountaineers planted their respective national flags and celebrated the success of a peculiarly symbolic joint venture.

The two countries, separated according to Chinese proverb only by a stream of water, have long been intrigued by the thought of harnessing China's natural resources and cheap labour to Japan's capital and technology. Each, in theory, can provide what the other lacks. In this instance, China supplied the mountain and the sherpas; Japan came up with the money and the climbing boots.

The joint achievement in mountaineering is, to judge from appearances, already being mirrored by progress in trade and investment. Almost 250 Japanese companies have representative offices in Peking, while the Japanese government runs, is Japan's insurance policy against tariff barriers in the West.

China's imports last year by 38 per cent to \$29.5bn, with Japan contributing more than its fair share of growth. Chinese exports to the country increased by almost 50 per cent and, at \$7bn, were much the largest item on China's import bill.

Doing business with China is a serious matter. M Masanori Ito, vice-chairman of Nomura Securities, Japan's largest securities firm and arguably its most powerful financial institution, devotes all his time to China. It would be difficult to imagine another chairman of Merrill Lynch or Barclays Bank giving his attention exclusively to a country which five years ago was scarcely on the financial map.

Mr Ito is an unashamed optimist and, like many of his compatriots, sees a special relationship between Japan and China. He perceives a symmetry between Japan's earlier education in culture and religion, and China's present training in commerce and technology. Five hundred years ago, tens of thousands of Japanese traders were dispatched to China to learn about art and religion.

Now Mr Ito believes, Japan is returning the compliment by initiating the Chinese into the mysterious art of steel manufacture.

It is becoming clear that bailouts in unions are having the unpredictable consequences which any extension of democracy can be presumed to have. They will place very large pressure on such corporations as BR to take a high public profile in order to gain public support. One can readily anticipate that governments place a higher premium on PR skills among public sector chairmen than hitherto.

Further, it is not possible to determine what any bailout is "about". Any bailout in the public sector will be partly concerned with how the Government is viewed at the time, making their outcomes highly volatile. Democracy may remain the least worst system for running things, but it is not only unions which have yet to come to terms with it in industrial relations.

What is special about the current dispute is that a public sector employer is up against a union which seems determined to fight by the Queen's rules.

That ambition is not, on paper, as fanciful as it might seem. China plans to increase per capita GNP from the present level of around \$300 to \$800 or more by the end of the century. On present trends the growth in consumer spending power could provide a market for

roughly 10m television sets a year over the next 40 years, by which time the market should have reached saturation. In 1984, total Japanese television output amounted to 15m units of which half were exported.

The dramatic growth in Sino-Japanese trade has given these projections a plausibility which five years ago was entirely lacking. China is already Japan's largest single export market for colour televisions and the second largest for refrigerators. In 1984, China overtook the U.S. as the biggest purchaser—in volume terms—of Japanese steel. In the first half of this year it became the second largest market for the Japanese motor industry.

Comparisons with the U.S. are, for the Japanese, very much to the point. China's readiness to import manufactured goods has contrasted starkly over the past two years with the protectionist positions being adopted in North America and Western Europe. China, so the argument runs, is Japan's insurance policy against tariff barriers in the West.

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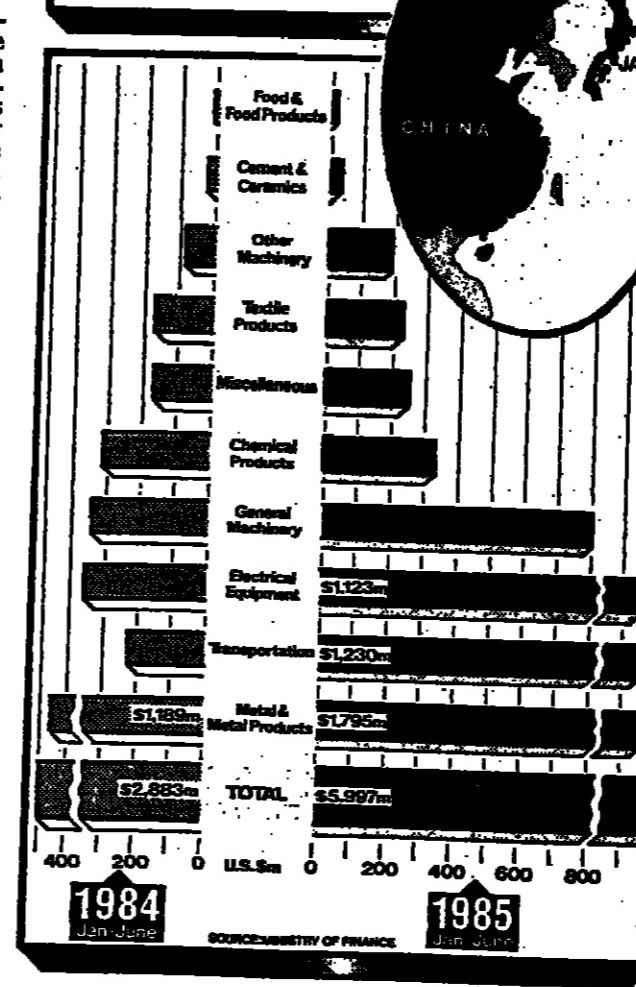
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TRADE WITH CHINA

Japan scales a new peak

By John Makinson

The Growth of Japan's Exports to China



Graham Lever

In Tokyo, enthusiasm for doing business with China knows few limits

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to sell the climbing boots but not to scale the peak themselves, or for that matter to teach the Chinese to make the boots.

Japanese industry is now approaching a watershed in its relations with China. Peking is showing an ever greater deficit on foreign trade with Tokyo while official emphasis is being placed on the provision of long-term capital and technology which Japan is reluctant to commit. The special relationship is if not in jeopardy, at least in doubt.

Mr Ito also sees close parallels between Japan's post-war economic development and China's modernisation drive. China, he argues, is now passing through a development phase similar to that which Japan experienced in the 1960s. It has an urgent need to modernise production facilities and is coping with transition problems created by rapid economic growth.

Yet the partnership which Mr Ito envisages is still very far from being realised. While Japan has displayed an surprising willingness to trade with China, it has held back from commitments of capital and technology. To pursue the mountaineering analogy, the Japanese have been happy

to sell the climbing boots but not to scale the peak themselves, or for that matter to teach the Chinese to make the boots.

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Trade between the two countries has grown on a surprisingly narrow base. Last year metal products accounted for 38 per cent of Japanese exports to China, electrical goods represented another 14 per cent and chemicals a further 9 per cent. The flow of trade in the other direction was even more concentrated. Mineral products—mostly petroleum—textiles and foodstuffs made up 84 per cent of Chinese exports to Japan in 1984.

Over the past six months a sharp rundown in China's foreign exchange reserves has obliged Peking to cut imports. As recently as last October, China's reserves totalled a comfortable \$17bn. Peking is more than a little coy about providing current statistics but

unofficial estimates put reserves at \$10bn or less.

China is expected to replenish its foreign currency assets by drawing down a \$2bn credit facility arranged by Bank of Tokyo and a syndicate of Japanese banks but the country is notoriously reluctant to pay the going market rate for its credit and may prefer a still tougher line on imports to heavily borrowing in the commercial markets.

Japanese exporters are in a particularly sensitive position. Consumer products provided much of the momentum for last year's increase in trade as Peking sought to counter an inflationary growth in the money supply through sales of durable goods. Now, however, it is cars and electrical products which are bearing the brunt of the cuts.

China also recognises that Japan is one of the few countries with which it has a trade deficit. After many years of surpluses the balanced swing into a \$2bn deficit last year, according to Chinese statistics. The Japanese put the figure at only \$1bn but acknowledge the trend.

In the first six months of this year, the growth of bilateral trade pushed China into second place—behind the U.S.—among Japanese trading partners.

Not many joint ventures are so fortunate. The quality of Chinese electrical products, for example, is not high enough to

guarantee their acceptance in export markets, And even the successful joint ventures have difficulty in remitting profits to Japan. The turnover of China Orient Leasing has grown from \$2.5m in 1981 to \$15m in 1983 and the joint venture's president, Mr Kenji Kajiwara, is delighted with the profits. But he admits that the Chinese representatives on the board have so far rejected the idea of remitting cash dividends to Japan.

The Chinese argue, however, that American and European companies have proved ready to grapple with these problems than their counterparts in Japan. "Our Japanese friends are more cautious," says one senior Chinese official. "But if they decide to make the investment and one company takes the lead, more Japanese companies will follow."

So far progress is slow. Japan is well behind Hong Kong and the U.S. in the joint venture rankings.

Mr Gu Xian Cheng, vice-president of China International Economic Consultants, has as much experience as anyone in Peking of dealing with foreign businessmen. He is full of praise for the Japanese Government's efforts to interest its industry in China. The Japanese have led the way in providing soft loans to China for infrastructure development. But Mr Gu believes, the enthusiasm is well spread to the private sector.

"Japanese industry is short-sighted. It is afraid that we will catch up. That is nonsense. As we become better off, our purchasing power will grow and we will have to buy new products from Japan." The Japanese are less sanguine. "Just look at the Chinese volleyball team," insists one veteran Peking resident. "A few years ago they were halfway down the world rankings. Then they employed a Japanese trainer and now they have the best team in the world," says a Japanese official. "What goes for volleyball may, in Japan's eyes, go for motor cars and computers."

All foreign companies have reservations about investing in China. There is a common concern about the possibility of a return to less hospitable policies, compounded by worries about the inadequacy of Chinese legislation governing patents and joint ventures. The single largest stumbling block is Peking's insistence that jointly-owned enterprises must meet foreign currency payments on imported raw materials and components from the foreign exchange proceeds of export sales.

For a few Japanese companies, this requirement is easily met. China Nantong Li Wang is joint venture which produces cloth shoes entirely for the export market. The company sources its raw materials locally and has access to cheap Chinese labour. Production started in February 1983 and the company made a profit in its first year of operation.

Yet both sides recognise the mutual value of industrial cooperation and there is considerable confidence in both Peking and Tokyo that direct investment will pick up. "In the end," according to one senior Japanese civil servant, "investment will have little to do with detailed long-term planning. Japanese companies will simply pounce at the thought of being left out."

Japan is well behind Hong Kong and the U.S. in the joint venture rankings

can colleagues for work in China.

And, for all the cultural and historic parallels, most Japanese find China an uncomfortable and even unfriendly place to work. "I have worked in Europe and North America, but I have never found any country as strange as China," was the characteristic comment of one Japanese resident in Peking. Japan's occupation of mainland China in the 1890s and 1940s has left bitter memories on the Chinese side and Japanese business men believe that the Chinese consequently drive and frequently secure a harder bargain with Japanese companies than they would with businesses from any other country.

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Men and Matters

American cousins and take their Dr Pepper not only cold straight, but hot with a slice of lemon, or use it to flavor their shrimp dip, cocktail biscuits and spare ribs.

Stout fellows

In the midst of his struggle for control of Bell, the whisky blender, Ernest Saunders, chief executive of Guinness, is not neglecting the promotion of the black stout that provides two-thirds of his group's profits.

Guinness went through a period of selling to the "Guinness". That campaign has helped the brew increase sales in the last two years, while, generally, draught beer sales have languished.

Mr Saunders feels that rather more has to be done to keep the name of Guinness before the public. He has hired advertising agents Ogilvy and Mather to run a new £6.5m campaign.

They have been working on it for almost a year, and the new ideas they hope to bring to the venerable drink will be seen and read shortly on TV and in the newspapers and magazines.

The "Guinness" idea has gone—to be replaced with the thought that Guinness is "Genius".

The new advertising campaign will start in the autumn. It will make much play, I can reveal, with Guinness's association with the four fundamental elements—earth, water, fire . . .

Clements, now 71, and chairman and chief executive since 1974, began selling Dr Pepper as a student in Alabama in 1935, 50 years after the drink was first concocted in a Texas drug-store.

A tall, good-humoured man, known widely by his childhood nickname "Foots," it was his marketing expertise that pushed the company into the U.S. industry, ranks in the 1960s and 1970s.

Clements is still an enthusiastic salesman, currently smacking his lips over the opportunities for Dr Pepper sales in the wake of the Coca-Cola furor; in the U.S. Sales are already up by more than 20 per cent, he claims.

Dr Pepper's decision to change their formula surprised us as much as anyone else," he says. "In their position, I think they would have looked at my marketing first done a lot more consumer research, and if I'd then decided to change the formula I wouldn't have told anyone except the chief chemist. "But I don't think we've heard the end of the story yet."

Building a market for Dr Pepper in the UK, he admits, is a slow process. "You have to get the taste accepted among young people first and then build on it in successive generations."

It may be some time before UK drinkers emulate their

American cousins and take their Dr Pepper not only cold straight, but hot with a slice of lemon, or use it to flavor their shrimp dip, cocktail biscuits and spare ribs.

They have been working on it for almost a year, and the new ideas they hope to bring to the venerable drink will be seen and read shortly on TV and in the newspapers and magazines.

UK CONSUMER CREDIT ACT

Building societies forced into line

By Clive Wolman

THE building societies agreed last week on a cut in their mortgage interest rates by about 1.25 percentage points from September 1. But many borrowers will notice not a cut, but an increase, in the interest rates they are quoted by their building societies.

The reason is that from next month, the building societies will be obliged to quote the true Annual Percentage Rate (APR) of interest to their customers and potential borrowers. And that rate will be between 0.8 and 1.3 percentage points above the rate the societies use at present.

Eleven years after the passage of the Consumer Credit Act, its "truth in lending" requirements, probably the most important of its provisions, are being extended to the building societies, who are the suppliers of by far the largest volume of loans to individuals. The current value of building society mortgages is just over £90bn, about 60 per cent of the value of all personal sector loans.

The requirement, putting building societies on an equal footing with the banks, foresees a more general pre-legislative reform to be introduced in Parliament in the autumn which will promote bank-building society competition in making loans. The change will also intensify a phenomenon which has not been seen since the 1930s, competition to win mortgage customers.

The building societies started advertising their mortgages for the first time this summer; the Halifax is even doing it on television. The clearing banks have re-entered the mortgage market with more ambitious lending targets and foreign banks and merchant banks have also appeared. This has meant that, despite a shortfall in the societies' targets for raising funds from depositors over the last six months, many are unable to lend out all the funds they have available.

The building societies resisted quoting their APRs for so long for two main reasons. Firstly, the requirement will mean that their interest charges no longer appear cheap compared with those of the banks. Secondly, the change has forced several administrative changes on them, for example the rewriting of large sections of their mortgage booklets and deeds. To avoid quoting an excessively high rate, many are also changing their repayment schedules so that their new borrowers may have to make an



When house buyers are choosing a bank or building society, they have to consider the following elements of cost:

- How large are the initial monthly payments?
- How soon after taking out the mortgage will the monthly payments start? (Five weeks' grace is preferable to five days.)

Building societies will only be quoting a "typical" and approximate APR (see text) in their advertisements. But most borrowers will not need to look further than the bottom line—and choose the lender quoting the lowest APR.

no easy way of deciding whether the savings he would make with a new lender justify the costs of setting up a new mortgage.

The APR includes the initial charges for setting up a mortgage, but there is no provision for lenders to inform their customers of their ongoing interest rate once the initial charges have been incurred.

● A simple comparison of APRs will not tell borrowers whether it is worthwhile redeeming his mortgage with his existing lender and switching to a different one. The Director General of Fair Trading Sir Gordon Borrie said last November that the freedom to switch from one lending institution to another with ease should be a major stimulus to competition and a safeguard against mortgagors suffering from arbitrary interest rate increases. However, borrowers are often persuaded

to take an endowment mortgage because of the large commission they offer to the building society or other salesmen.

The problem could have been solved by a requirement on insurance companies to assume a standard rate of return on what remains of the investment of the policyholder-mortgagor after they have deducted charges. The annual premiums and, on the other side of the equation, the projected surplus remaining for the policyholder when the mortgage is paid off could then be incorporated into the APR. The Government however felt that such a procedure would be too complicated and impractical.

● The APR does not include the effect of tax relief on a mortgage. Thus for example a borrower cannot easily decide whether it is worthwhile using his savings to pay off a mortgage early or whether he should invest the money in say National Savings certificates.

● The most serious flaw, but also the most difficult to grapple with, is that the APR assumes

of a certain size, but with so many now demanding a slice, competition increases constantly and whilst competition within reason can rarely be said to be bad, greed seems also to have entered the scene with ever-increasing and often unrealistic profit demands being made by some owners and boards upon their management. This, in turn would appear on occasion to have led other traditionally more cautious people to take uncustomised risks, largely for fear of lagging in the various performance/size league tables to which so much hysterical homage is nowadays paid.

The endless demand for increased profits, the evidently lower level of business morality prevalent today, the apparent inability of so many to resist jumping on every passing bandwagon—(after all, who wants to be accused of lack of vision?)—and the shortage of genuine experience are, in my opinion, factors that contributed significantly to lower standards in banking. They are certainly the principal contributors to poor credit policy and judgement and I wonder how many of today's younger bankers, when asked the question "what is a banker?" is your prime responsibility?" would even know, let alone give, the answer "the protection of my depositors."

In such circumstances, I would ask if it is really fair to attempt to lay blame upon auditors and supervisory authorities who cannot be held directly responsible, although to some extent "the authorities" in general must be accountable for allowing the root cause—overconfidence—to have arisen.

Jack Herbert

Bethel Hill, Wadhurst, E. Sussex

The rise and rise of bankers

From Mr P. Herbert

Sir—We have all recently read a great deal (with, no doubt, a great deal more to come) about bank failures and about the supposed shortcomings of supervisory authorities and auditors. No effort seems ever to be spared in seeking convenient scapegoats for these misfortunes and, to judge by the number of lawsuits pending we must suppose that a lot more hot air and backbiting has still to surface. I would suggest, however, that a greater good might be achieved by a proper examination of some of the principal causes of the problems, matters which until recognised will continue to contribute to further disasters.

Within the past twenty or so years in banking, there have been some quite remarkable (and usually welcome) changes, perhaps especially so in London, where not the least important development has been the rapid growth in the actual number of banks operating. Each of these banks (and there must be some doubt as to whether "bank" is a totally appropriate word for some of them) has obviously needed to recruit staff during a period when, with the rapid growth of offshore centres, many experienced bank personnel have been lost to the lure of sun, sea and large, tax-free salaries. These factors have combined to place a very serious strain upon remaining home-grown resources and the resultant shortage has caused many banks to resort to various types of accelerated progression programmes which, while often giving genuinely first-class training in theory, do not and cannot provide practical experience. One possible result is that people can be promoted or appointed to responsible positions which demand levels of judgement beyond their experience.

William Dixon, 14 Talbot Rd,

Harrow, Middlesex

Letters to the Editor

Anomalies in pay

From Elizabeth Vann

Sir—John Lloyd's confusing and sketchy piece "Delicate issue of equal pay" (Lombard, August 16) did little to clear up the myths surrounding this new legislation.

Although recognising that the average female hourly-wage is 73.5 per cent that of the male hourly rate, he purports to draw on three centres of research to justify this, but gives no details other than that women in general have less work experience than men after spending time out of paid work having children. Such patently generalisms do not do justice to the magnitude of the claims now being made.

John Lloyd gives one example of an equal pay claim—a "canteen worker" claiming parity with skilled male workers at Camell Laird shipyard. But what he omitted is that the "canteen worker" is a highly skilled industrial cook who has studied long and hard to be paid less than a shipyard worker. A further example of such a claim is the senior secretary at Climax in Coventry, who will have had college training, management experience and a wealth of human skills to be employed at a senior level. Yet her pay is £92 per week while a forklift truck driver with no experience (not even a driving licence) and one week's on-the-job training receives 37 per cent more—£126 per week.

If we look into the claims being made, the facts directly contradict such quasi-academic justifications. If they did not, they would not get beyond the rigorous weeding out of the first interview for the industrial tribunal. It must also be pointed out that such "research" does not explain why young women do not start off with the opportunities, pay and conditions that their male colleagues do—the disparity in rates starts at age 16.

John Lloyd then goes on to make the odd claim that because women are poorly paid, they are generally less interested in their take-home pay than men. May I suggest that interest in your pay packet increases in inverse proportion to its size. Necessity for the basics concentrates the mind.

It may be that women do not express their concerns in the same terms as men, but surely that does not invalidate the concerns or make them non-existent! As we are still expected to take on the role of putting family before paid work/career, and yet also to accept a lower income in paid work than is often necessary to properly look after children and sick, handicapped or elderly relatives? Concerns such as flexitime, childcare facilities

makes regular appearances, may provide a remedy for both shareholders and depositors but the time lag may be three years. It would be to the benefit of all concerned if the Government had second thoughts and examined the morality and consequences of its recent actions.

David Rollo

25 Beaufort Drive, Kirtlebridge, Glasgow.

The rise and rise of bankers

From Mr P. Herbert

Sir—We have all recently read a great deal (with, no doubt, a great deal more to come) about bank failures and about the supposed shortcomings of supervisory authorities and auditors. No effort seems ever to be spared in seeking convenient scapegoats for these misfortunes and, to judge by the number of lawsuits pending we must suppose that a lot more hot air and backbiting has still to surface. I would suggest, however, that a greater good might be achieved by a proper examination of some of the principal causes of the problems, matters which until recognised will continue to contribute to further disasters.

Within the past twenty or so years in banking, there have been some quite remarkable (and usually welcome) changes, perhaps especially so in London, where not the least important development has been the rapid growth in the actual number of banks operating. Each of these banks (and there

must be some doubt as to whether "bank" is a totally appropriate word for some of them) has obviously needed to recruit staff during a period when, with the rapid growth of offshore centres, many experienced bank personnel have been lost to the lure of sun, sea and large, tax-free salaries. These factors have combined to place a very serious strain upon remaining home-grown resources and the resultant shortage has caused many banks to resort to various types of accelerated progression programmes which, while often giving genuinely first-class training in theory, do not and cannot provide practical experience. One possible result is that people can be promoted or appointed to responsible positions which demand levels of judgement beyond their experience.

William Dixon, 14 Talbot Rd,

Harrow, Middlesex

Owners of the TSB

From Mr D. Rollo

Sir—By using Parliament to legitimise the giving-away of the Trustee Savings Bank Scotland (worth between £500m and £700m) to a limited company without compensation to the depositors who are the real owners, the Government has provided a dangerous precedent for any future Labour Government of the Left. In the absence of a Bill of Rights, any future Government will thus be entitled to nationalise, without compensation to the shareholders, any company including those formed recently by privatisation.

The European Court of Human Rights, at which the UK

is not the high level of remuneration of the few but the astoundingly satisfactory living of the many. William Dixon, 14 Talbot Rd, Harrow, Middlesex

that mortgage interest rates will be fixed forever. However, a borrower may take out a mortgage with a building society quoting the lowest APR, only to find a few weeks later that his interest charges have been increased and his society has become one of the most expensive.

It has never been decided whether such a practice could be struck down by the courts on the principle established in the 18th century against "oppressive and unconscionable" contracts. The leading legal textbook on building society law, Wurtzburg and Mills says: "It is still considered to be open to doubt if an unlimited power simply to vary the interest rate at discretion would be legally valid...."

The Consumer Credit Act says on this that a mortgage contract "must include a statement indicating the circumstances in which any variation may occur."

The building societies have traditionally defended such a practice on the grounds that the volatility of interest rates over the last 20 years has made fixed rate mortgages impractical and that their discretion has generally been used to bring low mortgage rates well below money market interest rates. They also claim that they would fail to win new borrowers if their rates were out of line with the market.

But since the break-up of the building society interest rate cartel two years ago, mortgage rates have generally moved and stayed well above market interest rates. With the intensifying competition for savers' funds, it is doubtful whether rates could ever fall below again for more than a few weeks. And for the first time societies appear willing to chase new borrowers lower than their captive existing borrowers.

Abbey National

announced it was introducing lower rates on large loans in August for new borrowers

only and said it saw nothing wrong in making a separation.

Also the growth of interest rate futures and swap markets allow lenders to convert fixed rate assets into variable ones—and vice versa.

When there is a more general overhaul of the consumer credit act, in probably two or three years, DTI officials believe that building societies could be obliged to charge an interest which bears a fixed relation to, say, the average London Inter-Bank Rate of the previous three months.

The Cruise business

Why choppier waters may lie ahead

By Andrew Fisher

take continuing market growth of 11 per cent a year to absorb the new tonnage, well above latest rates and three times the growth in the U.S. economy.

So who is planning what and how much is being spent?

● A \$175m order placed by RCCL in July for a big ship—the costliest yet—one of two it wants to spread its market position beyond the Caribbean. But RCCL has cautiously deferred the second contract.

● NCL, still considering an ambitious \$450m plan for a 5,000 passenger ship code-named Phoenix, has announced a lesser investment of some \$200m (still to be placed) which will produce a vessel to take 2,500 people, the same as the new RCCL ship and more than the Norway, the world's biggest cruise liner.

● United States Cruises has been set up in California to put through an audacious \$170m conversion and refit of the SS United States, mothballed for the past 15 years.

● Cunard, part of Britain's Trafalgar House, is considering whether to spend £60m (£77m) on re-engining the 18-year-old QE2 and shaving a few million off her annual £15m fuel costs.

● Miami, the world's cruise capital which disembarks over 12,000 cruise passengers every Saturday morning and embarks the same number in the afternoon, is investing in \$100m worth of terminal, harbour bridge and transport facilities.

● The industry is changing, however. Mr Ron Zeller, president of Norwegian Caribbean Lines (NCL), reckons "the cruise industry is a Johnny-come-lately in world business."

● Miami, the port director, Lunetta, says the port, Miami, can handle 11 ships at once. Soon, it will be 14.

Those who, like Mr Fain, are concerned about the effect of the new tonnage, which will mainly crowd into the Caribbean, accounting for 70 per cent of the U.S. market, reckon there may even be some corporate casualties.

Also the growth of interest

rate futures and swap markets allow lenders to convert fixed rate assets into variable ones—and vice versa.

They're bidding on everything they can find," comments Mr Bjorn Fusche of IRO Maritime.

"Undoubtedly, cruising has far more appeal than the average business. But Mr Fain warns that "if the industry continues to expand at its current exaggerated rate," too many operators will be pursuing the same passengers and "some of the wounds will be too deep to heal."

sales, says yards in Europe offer cheaper financing than Japanese concerns. "Japanese banks are not yet familiar with the cruise business."

It could thus be some time before the first Japanese cruise ship is built.

There is, in fact, a wide enough range of cruises to tempt large numbers of Americans starting with three- and four-day cruises of \$300 and more.

But the really rich do not want to go on standard cruises. To cater for the rich end of the market, Norwegian-owned Sea Goddess Cruises has two new \$34m ships unashamedly dedicated to people who are accustomed not only to the better qualities of life, but also the unusual."

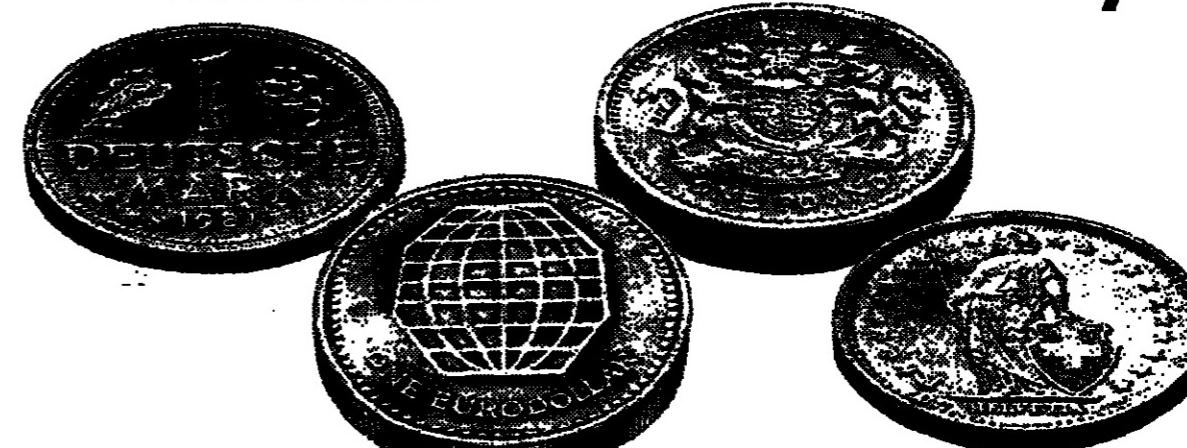
At a cost to passengers of some \$4,000 a week, the ships have been 80 per cent full—they only take about 100 people—in the summer Mediterranean season, says Mr Rolf Hjelseth, a partner in the venture.

But it is the big ships that make up most of the market, even though sail and exploration cruises have become popular. The QE2, still benefiting on Atlantic trips from the dollar's waning strength, costs up to £160,000 a day to run and has to be 70 per cent full to break even.

"She's comfortably achieving that," says Mr Bernard Crisp, UK director of Cunard Line. The company earned over 60 per cent of its cruise revenues in the U.S., where the Cunard Countess and Cunard Princess are based. As for general I'm not worried," Mr Crisp says. Cruising will make profits this year and more next, he adds.

One company which clearly states its cruise earnings is P&O. Last year, its pre-tax profits in the sector rose from £4.1m to £4.6m. Sir Jeffrey Sterling, chairman, said in the annual report, however, that "competition in cruising is fierce and the return on this division's capital employed needs to be improved."

Undoubtedly, cruising has far more appeal than the average business. But Mr Fain warns that "if the industry continues to expand at its current exaggerated rate," too many operators will be pursuing the same passengers and "some of the wounds will be too deep to heal."

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July, 1985

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices	Offer Calculations		
	Wmt. Wmt. Share (%) (%)	Share Premium (%) (%)	Guar. Premium/ Int. (%)	Guar. Premium/ Int. (%)
AICA KOKYO 17/6/85	22.50 24.00	11.93 1.84	2.88	2.88
CARCO COMPUTERS 6/3/88	38.00 35.50	1,260 11.88	3.14 3.75	3.14 3.75
C. ITOH 20/1/87	54.00 50.00	44.00 42.00	2.45 2.40	2.45 2.40
KUREKA CORP. 10/7/88	13.50 15.00	868 31.63	5.80 5.35	5.80 5.35
HAZAMA IND. 1/1/88	11.00 12.50	350 34.91	6.85 5.02	6.85 5.02
J.S.R. 24/6/85	8.50 8.00	338 42.35	9.10 4.65	9.10 4.65
KAYABA IND. 12/6/85	11.50 13.00	515 5.46	1.92 1.15	1.92 1.15
KUMORI PRINTING 30/12/85	14.50 16.00	2,100 12.35	6.72 1.84	6.72 1.84
MARSHAL 10/6/88	45.00 48.00	705 50.05	3.21 2.75	3.21 2.75
MINBEA 20/2/85	45.00 48.00	450 34.12	1.46 2.08	1.46 2.08
MIT CHEMICAL 20/1/87	52.00 57.00	450 34.12	1.46 2.08	1.46 2.08
MITSUBISHI CHEM. 10/6/88	17.00 18.50	868 31.63	5.80 5.35	5.80 5.35
MIT. GAS. CHEM. 20/4/85	21.00 22.50	342 34.91	6.85 5.02	6.85 5.02
MITSUI E/S 15/10/88	11.50 13.00	168 13.14	7.81 1.73	13.14 7.81
MITSUBISHI METAL 10/2/85	18.50 19.00	705 21.51	4.76 2.25	21.51 4.76
MITSUBISHI METAL 10/11/85	18.50 19.00	853 20.52	5.94 3.70	20.52 5.94
MITSUBISHI MINING 17/7/88	24.00 26.00	418 40.42	12.15 2.61	40.42 12.15
NIPPON MINING 15/6/88	17.00 18.50	418 34.01	5.03 6.76	34.01 5.03
NOZOMI IND. 10/6/88	12.50 13.00	1,260 11.88	3.14 3.75	11.88 3.14
OHBAYASHI GUMI 3/4/85	68.00 73.00	419 2.98	2.24 1.28	2.98 2.24
ONODA TATEHI 10/4/88	11.00 12.50	1,245 5.24	1.08 1.63	5.24 1.08
ONODA CEMENT 10/4/88	35.00 37.00	590 2.91	2.21 1.28	2.91 2.21
ONODA CEMENT 28/2/85	21.00 22.50	342 24.36	4.26 5.05	24.36 4.26
OSAKA TRANS. 25/1/88	13.50 15.00	605 22.51	5.75 2.11	22.51 5.75
RENOWN 24/1/88	14.50 15.00	775 16.48	6.12 2.74	16.48 6.12
SEIKO PEAK 10/6/88	24.00 26.00	418 40.42	12.15 2.61	40.42 12.15
SEIKO TRANS. 17/3/88	9.00 10.50	853 25.00	5.76 2.11	25.00 5.76
SEIKO STORES 20/3/87	56.00 60.00	740 35.98	1.96 15.33	35.98 1.96
SUMI CONST. 24/4/88	12.00 13.00	3,720 41.45	4.45 2.62	41.45 4.45
SUMI HEAVY 24/4/88	17.00 18.50	258 2.91	2.21 1.28	2.91 2.21
SUMI HEAVY 24/4/88	19.50 21.00	258 2.91	2.24 1.28	2.91 2.24
TOKYO SANTO 14/3/85	2.00 2.50	950 9.82	2.27 1.28	9.82 2.27
TOKYO SANTO 8/6/87	145.00 154.00	613 76.16	5.94 3.35	76.16 5.94
TOKYO SANTO 14/3/85	19.00 20.50	514 10.43	2.24 1.19	10.43 2.24
TOKYU DEPT. STORE 20/7/90	22.50 25.00	514 10.43	2.24 1.19	10.43 2.24
TOKYU DEPT. STORE 20/7/90	19.00 20.50	508 8.85	6.48 2.11	8.85 6.48
TOKYU DEPT. STORE 20/7/90	19.00 20.50	508 8.85	6.48 2.11	8.85 6.48
YAMAMURA GLASS 8/5/90	11.00 12.50	480 18.14	7.53 2.14	18.14 7.53
YAMAMURA GLASS 8/5/90	11.00 12.50	578 20.08	8.04 2.80	20.08 8.04

Reuters Monitor, DSB/G/H/I/J - Further information from:
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In accordance with the provisions of the Certificates, notice is hereby given that the rate of interest for the period from 20th August 1985 to 20th November 1985 has been established at 8% per cent per annum. The interest payment date will be 20th August 1985. Payment, which will amount to US \$5,350.69 per Certificate, will be made against the relative Certificate.

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amount will be US\$433.85 per US\$10,000 note, payable
on 16th September 1985.Bankers Trust Company, London
Agent BankU.S. \$250,000,000
J.P. Morgan International Finance N.V.
Guaranteed Floating Rate
Subordinated Notes Due 1997
For the three months 20 August, 1985 to 20 November,
1985 the Notes will carry an interest rate of
8 3/4% per cent. per annum.
Interest payable on the relevant interest payment date,
20 November, 1985 against Coupon No. 14 will be US.\$214,03
By: CITIBANK, N.A., London
Agent Bank

INTL: COMPANIES & FINANCE

Bank to write off Y64bn on Sanko

BY CARLA RAPORT IN TOKYO

THE Long-Term Credit Bank of Japan, one of Japan's largest banks and a main creditor of the collapsed Sanko Steamship group, expects to write off as much as 80 per cent of its Y80bn (\$339m) secured loans to Sanko.

Mr Masayasu Kan, deputy manager of LTCB, said in an interview the write-off would be the largest in the bank's history. Mr Kan said the loans had been secured against Sanko's ships, both tankers and bulk carriers. These ships, however, are now expected to be valued at no more than a fifth of original worth because of the dramatic plunge in the world shipping market and the excess numbers of ships worldwide.

Nonetheless, Mr Kan stressed, the LTCB intended to maintain its interim dividend for the financial period which ends next month, when the write-offs of up to Y64bn will be taken. These would be covered out of the bank's hidden reserves, which he described as "large."

Mr Kan admitted, however, that it was a kind of "chicken and egg" situation, with the company's future dependent on the cargo contracts and the cargo contracts dependent on the bank's immediate support.

Until then, Sanko's future is heavily dependent on receiving emergency funds from the banks to prevent the seizure of its ships at world ports for non-payment.

Mr Kan said Sanko's main creditors, which include Daiwa and Tokai banks, will meet this week to discuss the issue of emergency cash-flow funds. He stressed, however, that the possible reconstruction of Sanko

Hidden reserves are largely composed of equities bought years ago but valued at their purchase price, rather than their current value.

Sanko, the world's largest tanker company, last Tuesday filed for court protection under Japan's corporate rehabilitation laws, with about Y500bn in balance-sheet debt and a similar sum estimated in future liabilities. Whether Sanko will emerge from the court proceedings in a new, slimmer form, or simply go into liquidation, will not be known for two or three months.

Until then, Sanko's future is heavily dependent on receiving emergency funds from the banks to prevent the seizure of its ships at world ports for non-payment.

The agreement was confirmed at the weekend by Mr Lee Kuan Yew, the Prime Minister, and follows a decision by another big yard, Mitsubishi Singapore

was not only dependent on the banks, but also the cargo owners, owners of ships which Sanko had chartered and the Japanese Government.

The Government, he said, could request the ship and cargo owners to help Sanko.

"We believe we have to co-operate as much as possible [with Sanko]. Unfortunately, there are many unknown factors, such as the cargo owners will stop entrusting their goods to Sanko. This can't be known."

Mr Kan admitted, however, that it was a kind of "chicken and egg" situation, with the company's future dependent on the cargo contracts and the cargo contracts dependent on the bank's immediate support.

Either way, some of Japan's largest trading companies and shipbuilders stand to sustain large losses over Sanko's collapse.

In Sanko's 1982 scheme to build 125 fuel-efficient bulk carriers, leading Japanese trading companies were persuaded to organise the

finance of the ships and then let Sanko charter and operate them. Many of these chartering contracts are now expected to fail, with the ships reverting to the trading houses.

Some of the trading compa-

nies have strong links to shipping companies, such as Mitsubishi with NYK and Sumitomo with Mitsui OSK.

These trading groups could push the bulk carriers on to their affiliated shipping groups in return for other favours.

But Marubeni and Nichimen,

which normally have no shipping connections and may be stuck with operating the ships, selling them, or defaulting on their loans and allowing them to revert to the bank or leasing company, which financed their purchase.

As for shipyards, Ishikawa-Jima-Harima Heavy Industries (IHI) has 12 unfinished ships,

while Mitsubishi Heavy Industries has eight.

Heavy Industries also have unfinished ships on their yards.

Major yards had made high

wage awards while their profits

were falling, he said. "What is

required for survival is some

retrenchment plus belt-tightening

and cost-cutting for those

workers kept on." Management

and unions would kill the

industry altogether," Mr Lee

warned.

The irony of this attack is

that two of the yards are state-

UK COMPANY NEWS

JM signs £277m refinancing deal

BY DAVID GOODHART

Johnson Matthey, the metal refining and chemicals group, whose former banking subsidiary Johnson Matthey Bankers was rescued from collapse by the Bank of England last year, has announced a new refinancing agreement.

The deal, which has been signed with a syndicate of 34 banks, incorporates term and working capital facilities totalling US\$267.5m (£226.7m) which are being made available to the group by way of loans in a variety of currencies and various metals.

The new three year agreement replaces the larger financing package signed on November 9 which was arranged by Morgan Guaranty, the New York bank.

The term loan of £187.5m (£202.5m) represents the group's outstanding indebtedness under the November Interim Refinancing Agreement less £75m which is being repaid on August 21.

The three year working capital facility of £89.2m (£102.5m), which will be provided by a small number of banks within the syndicate, replaces the £52.0m made available under the Interim Financing Agreement.

The banks involved include:



Mr Eugene Anderson, chief executive of Johnson Matthey

the Bank of Montreal; Citibank; Morgan Guaranty; Trust Company of New York; Royal Bank of Canada; Bank of Nova Scotia; Dresdner Bank; Chemical Bank; Lloyds Bank; National Westminster; and Westpac Banking Corporation.

Commenting on the new financing arrangements, Mr Eugene Anderson, chief executive of Johnson Matthey, said: "The success of our vigorous working capital reduction programme means that our borrowing requirements have been considerably reduced. However cost reduction, profit improvement and cash generation remain high priorities to reduce debt further."

"The terms of the new medium term financing agreement reflect the improvements in Johnson Matthey's financial position and the lower level of risk as the debt reduction programme continues."

The company's annual report, which was sent to shareholders yesterday, states that Johnson Matthey has a claim against Peat, Marwick and Mitchell — which is already being sued for damages by JMBC (now a wholly owned subsidiary of the Bank of England).

In a joint statement by Mr Neil Clarke, the chairman, and

and interest for alleged breach of contract and/or negligence in the firm's capacity as auditors and accountants of JMB for the financial years to March 1982, 1983 and 1984.

Johnson Matthey's pre-tax profit for the year to the end of March 1985 was £20.1m on a turnover of £149m. It notes extraordinary item losses of £176.3m.

The joint statement also reveals that further business rationalisations and disposals of certain assets are likely in 1985/86 as the debt reduction programme continues.

The terms of the new refinancing agreement are described as more favourable to the company and "reflect recognition by our bankers of the improvements made in the group's financial position and the lower level of risk as the debt reduction programme continues."

On the recommendation of Arthur Young, Coopers and Lybrand were appointed as auditors to fill the vacancy for the year to March 31 1985. However, the board will now be recommending that Peat, Marwick and Mitchell will be appointed the new auditors.

See Lex

Acquisition boosts Blagden to £3m midway

ON TURNOVER boosted by the acquisition of the European steel drum-making activities of City Investing of New York, Blagden Industries showed an increase in interim taxable profit of 58 per cent.

In the 25 weeks to June 23 1985 turnover rose by £20.32m to £56.15m (£55.83m), of which £18.23m related to the contribution of overseas subsidiaries acquired from March 1. Group operating profits rose from £1.99m to £3.37m, with £1.45m coming from the new acquisition.

With net interest charges of £605,000 (£225,000) and the share of net profit of related companies of £9.000 (nil), operating profits up from £1.76m to £2.76m. The interim is being maintained at 3.5p net on the enlarged capital. Last year a total of 7.2p was paid from pre-tax profits of £3.97m.

Mr Ronald Sparrow, the chairman, says that profitability was seriously affected by the appalling weather at the beginning of the year.

The performance of the European container businesses was comparable with the previous

year but affected by non-recurring matters particularly the loss of production at the German plant following a fire. This has been re-equipped and Mr Sparrow says the board remains confident of the longer-term future in Europe.

The overseas results for the containers division saw pre-tax profits up to £1.67m from £229,000, on turnover of £18.80m (£2.56m). In the UK, profits fell from £1.01m to £886,000 on turnover which rose from £13.16m to £15.02m.

The tax charge was £1.2m (£570,000) and with minorities taking £6,000 (£23,000), earnings per share came out at 6.4p against 7.5p last year. There were extraordinary credits last year of £98,000. Dividends took £1.03m

(£605,000), leaving retained profit at £220,000 against £867,000 for the comparable period.

• comment

The acquisition of City Investing's European steel drum business may have been an ideal opportunity in Blagden's eyes, not least because it neutralised the potentially threatening stake held by City. Nevertheless, the chairman's leap was in the opposite direction, due to the perceived wisdom of earlier days when the requirement was to move away from the dependence on a mature drum sector.

Blagden was supposed to be in pursuit of a plastics or chemicals business. Actually that intention burns as bright as ever and a plastics company with good management would be ideal as

it might also tackle the problems of the existing plastics division — injection moulding lost £280,000 in the first half. However a share price which is 15p below the March striking level is a very effective wheel clamp on the company's ambitions.

Blagden needs to achieve a more diversified divisional mix if the shares up so it can use its paper to buy more glamorous companies — a rather circular problem. At 11.2p the prospective p/e is 9, taking pro-forma profits of 26p (the reported level will be nearer to 26p) and a high 44 per cent tax charge, which does not leave a lot of scope for a rerating. Perhaps the emphasis should be placed on a near 10 per cent yield, though a good management would be ideal as

City Site buys James Allan for £4m

City Site Estates, the USM quoted property investment group, is paying £4.12m for James Allan, a Scottish shoe retailer, with stores on 11 sites in Glasgow, Edinburgh and Fife.

City Site has also applied to the Stock Exchange for a full listing with the aim of dealings in its shares, starting on September 14. The company is seeking a higher profile after nearly four years on the USM.

In addition, it intends to raise £2.25m after expenses by means of an underwritten rights issue of one new ordinary share for every two held, and two new ordinary shares for every five preference shares held. The new shares will be issued at 55p. City Site's shares fell 5p to 10.5p.

City Site forecasts that pre-tax profit on ordinary activities would be no less than £250,000

for the year ending September 30 and that it would pay a final dividend of 5.5p, the same as the increased interim. In the six months ended March, the company made a pre-tax profit of £204,000.

City Site is winding up the shoe retailing business of James Allan and looking for leaseholders for its stores.

City Site has bought 76.8 per cent of Allan and has made a recombiner offer to the remaining shareholders. Allan's properties have been valued independently at £42.1m. They take the City Site portfolio to 51.1m compared with £2.6m when it joined the USM.

City Site forecasts that pre-tax profit on ordinary activities would be no less than £250,000

for the year ending September 30 and that it would pay a final dividend of 5.5p, the same as the increased interim. In the six months ended March, the company made a pre-tax profit of £204,000.

In addition, it intends to raise £2.25m after expenses by means of an underwritten rights issue of one new ordinary share for every two held, and two new ordinary shares for every five preference shares held. The new shares will be issued at 55p (the reported level will be nearer to 55p) and a high 44 per cent tax charge, which does not leave a lot of scope for a rerating. Perhaps the emphasis should be placed on a near 10 per cent yield, though a good management would be ideal as

Galgey bid recommended by Noble and Lund board

BY DAVID GOODHART

THE BOARD of Noble and Lund, the Gateshead-based machine tool company, is recommending to shareholders a 30p a share cash offer from the United Galgey Technical Industries and a syndicate of European private investors.

The take-over bid — which values Noble and Lund at £1.71m — has already been accepted by some of the larger stock holders and directors holding between

them 2.1m stock units, 33.4 per cent of the total.

Mr Galgey stressed that the offer is conditional upon acceptance from holders of 65.8 per cent of the shares. The directors already own 42 per cent. If the bid is successful, Mr Galgey will become chairman and Mr Alan Noble, the present chairman, will become executive president.

Noble and Lund's share price slumped as low as 12p last May. It closed yesterday at 31p, up 10p.

Burton acquired 14.9 per cent

of Debenhams shares before or during the takeover battle, which means it now speaks for 87.5 per cent of the ordinary shares. More than half of these were for cash rather than Burton paper.

Electors for the cash alternative, of 327p for each Debenhams share, have required the issue of 450,000 new Burton shares representing 49.5 per cent of the total number underwritten.

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WILL YOUR BELL'S SHARES EVER BE WORTH AS MUCH AGAIN? TO YOU.

143p

BEFORE BID RUMOURS. 14th MAY 1985

270p

GUINNESS OFFER VALUE. 16th AUGUST 1985

Only three months ago the price of your Bell's shares languished at just 143p. Now, the Guinness offer values your shares at 270p – a massive 88 per cent increase.

The vital question to ask yourself is "What happens to the price of my Bell's shares if the offer fails through lack of acceptances?"

Don't be confused by rumours and Bell's conflicting statements.

Act now. Accept the Guinness offer.



GUINNESS PLC

DRAUGHT AND BOTTLED GUINNESS, HARP, KALIBER, DRUMMONDS, MARTIN THE NEWSAGENT, LAVELLS, 7-ELEVEN, CLARES, CHAMPEYS AND STOBO CASTLE HEALTH RESORTS, NATURE'S BEST VITAMINS, GUINNESS PUBLISHING.

BELL'S HAS LOST ITS WAY. GUINNESS IS GOOD FOR BELL'S.

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UK COMPANY NEWS

Access Satellite surges to £1.89m

WITH 1984/85 pre-tax profits up by 37 per cent and further solid progress predicted in the current year Access Satellite International is lifting its dividend 1p above forecast to 3p net, the final being 2p.

Profits for the year, to April 30, 1985, rose from a pre-formal £1.38m to £1.89m pre-tax.

The group, a manufacturer of work platforms for use in construction and civil engineering, came to the US last November via an offer for sale by tender.

Mr Martin Wardman, the chairman, says the current year should show further solid progress—sales in the first quarter were substantially ahead of the comparable period last year. He

says that export activities are continuing to expand and are expected to include sales to new distributors in Canada, Europe and the Far East.

In January of this year Access Satellite commenced a hiring operation in certain areas of the U.S. to supplement its cash sales to distributors there. A material number of machines were hired out to potential distributors shortly before the year end and are expected to be converted into sales in the near future.

Outline agreement has been reached with a major national financial institution for the financing of distributor purchases from Access through-out the U.S.

● comment
A cloud of adverse publicity marred the flotation of Access Satellite International last November but the shares nonetheless opened at a premium of 25p on the £1.60 offer price. The market yesterday was not so indifferent and the share price rose 28p to 190p, profit from somewhat short of the £2.5m some had predicted and investors were satisfied at seeing their confidence in the company rewarded with a drop in earnings per share. The company remains one over which some question-marks hang. The factory has been built on optimistic foundations with a capacity to produce 60 platforms a week but with an actual output of six.

Net debt today is the same as it was a year ago but in the meantime the £1.9m raised by the flotation has been spent. There are also qualms in some quarters over the way in which 90 of the 157 platforms sold last year were management sales to financial institutions linked in one way or another with Access Satellite. The company's big hopes are pinned on the U.S. market, which is expected to be more receptive to its novel product than Britain. Sales and hiring contracts show

ball as Access Satellite expects them to. £4m could be in prospect this year, putting the shares on a prospective p/e ratio of 12x after a 40 per cent tax charge.

The Nippon Credit Bank (Curaçao) Finance N.V.

US\$ 100,000,000 12 1/8% Guaranteed Notes due 1992

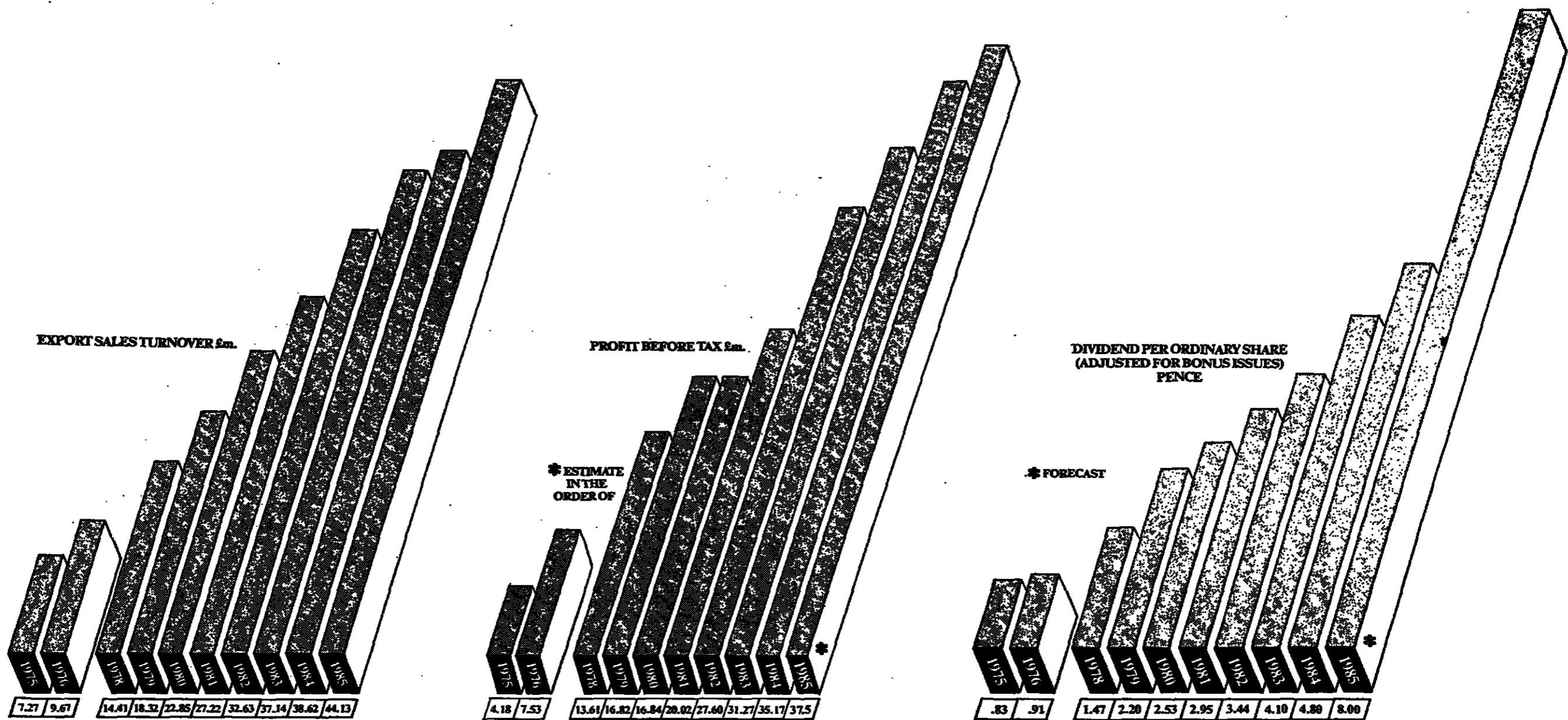
NOTICE IS HEREBY GIVEN that pursuant to Condition 5 (b) of the Notes, US\$ 13,000,000 principal amount of the Notes has been drawn for redemption on the 30th September, 1985, at the redemption price of 101% of the principal amount, together with accrued interest to 30th September, 1985.

The serial numbers of the Notes drawn for redemption are as follows:

1	881	1750	2772	3765	4703	5435	6705	7707	8930	8984	10222	11902	13934	13973	14961	15845	16905	18202	19003
2	890	1752	2780	3777	4706	5436	6708	7731	8940	9003	10233	11903	13945	13974	14962	15846	16903	18203	19111
3	891	1782	2796	3781	4707	5445	6728	7742	8941	9013	10230	11915	13953	13977	14970	15867	16914	18205	19113
4	894	1791	2807	3809	4708	5460	6730	7748	8956	9017	10233	11927	13956	13973	14973	15866	16929	18213	19137
5	895	1798	2810	3824	4710	5467	6735	7750	8961	9021	10234	11930	13958	13975	14975	15868	16931	18214	19141
6	896	1800	2811	3826	4711	5468	6736	7751	8968	9022	10235	11931	13959	13976	14976	15869	16932	18215	19142
7	910	1812	2814	3840	4726	5703	6738	7810	9003	9256	10299	11949	13985	14001	15006	15891	16967	18242	19149
8	914	1806	2819	3851	4728	5710	6764	7818	9012	9296	10297	11950	13906	14002	15028	15892	16976	18248	19151
9	927	1820	2824	3852	4732	5715	6776	7820	9013	9298	10298	11976	13914	14010	15034	15890	16980	18257	19152
10	931	1833	2834	3852	4737	5716	6801	7826	9023	9298	11003	11990	13923	14020	15043	15893	16975	18267	19155
11	932	1835	2835	3853	4738	5717	6802	7827	9024	9298	11004	11995	13924	14021	15044	15894	16978	18268	19156
12	933	1838	2838	3854	4739	5718	6803	7828	9025	9298	11005	11996	13925	14022	15045	15895	16979	18269	19157
13	935	1843	2846	3854	4740	5729	6804	7829	9026	9298	11006	11997	13926	14023	15046	15896	16980	18270	19158
14	936	1846	2846	3856	4740	5729	6805	7830	9027	9298	11007	11998	13927	14024	15047	15897	16981	18271	19159
15	937	1847	2847	3857	4741	5729	6806	7831	9028	9298	11008	11999	13928	14025	15048	15898	16982	18272	19160
16	938	1848	2848	3857	4742	5729	6807	7832	9029	9298	11009	12000	13929	14026	15049	15899	16983	18273	19161
17	939	1849	2849	3857	4743	5729	6808	7833	9030	9298	11010	12001	13930	14027	15050	15899	16984	18274	19162
18	940	1850	2850	3858	4744	5729	6809	7834	9031	9298	11011	12002	13931	14028	15051	15899	16985	18275	19163
19	941	1851	2851	3858	4745	5729	6810	7835	9032	9298	11012	12003	13932	14029	15052	15899	16986	18276	19164
20	942	1852	2852	3858	4746	5729	6811	7836	9033	9298	11013	12004	13933	14030	15053	15899	16987	18277	19165
21	943	1853	2853	3858	4747	5729	6812	7837	9034	9298	11014	12005	13934	14031	15054	15899	16988	18278	19166
22	944	1854	2854	3858	4748	5729	6813	7838	9035	9298	11015	12006	13935	14032	15055	15899	16989	18279	19167
23	945	1855	2855	3858	4749	5729	6814	7839	9036	9298	11016	12007	13936	14033	15056	15899	16990	18280	19168
24	946	1856	2856	3858	4750	5729	6815	7840	9037	9298	11017	12008	13937	14034	15057	15899	16991	18281	19169
25	947	1857	2857	3858	4751	5729	6816	7841	9038	9298	11018	12009	13938	14035	15058	15899	16992	18282	19170
26	948	1858	2858	3858	4752	5729	6817	7842	9039	9298	11019	12010	13939	14036	15059	15899	16993	18283	19171
27	949	1859	2859	3858	4753	5729	6818	7843	9040	9298	11020	12011	13940	14037	15060	15899	16994	18284	19172
28	950	1860	2860	3858	4754	5729	6819	7844	9041	9298	11021	12012	13941	14038	15061	15899	16995	18285	19173
29	951	1861	2861	3858	4755	5729	6820	7845	9042	9298	11022	12013	13942	14039	15062	15899	16996	18286	19174
30	952	1862	2862	3858	4756	5729	6821	7846	9043	9298	11023	12014	13943	14040	15063	15899	16997	18287	19175
31	953	1863	2863	3858	4757	5729	6822	7847	9044	9298	11024	12015	13944	14041	15064	15899	16998	18288	19176
32	954	1864	2864	3858	4758	5729	6823	7848	9045	9298	11025	12016	13945	14042	15065	15899	16999	18289	

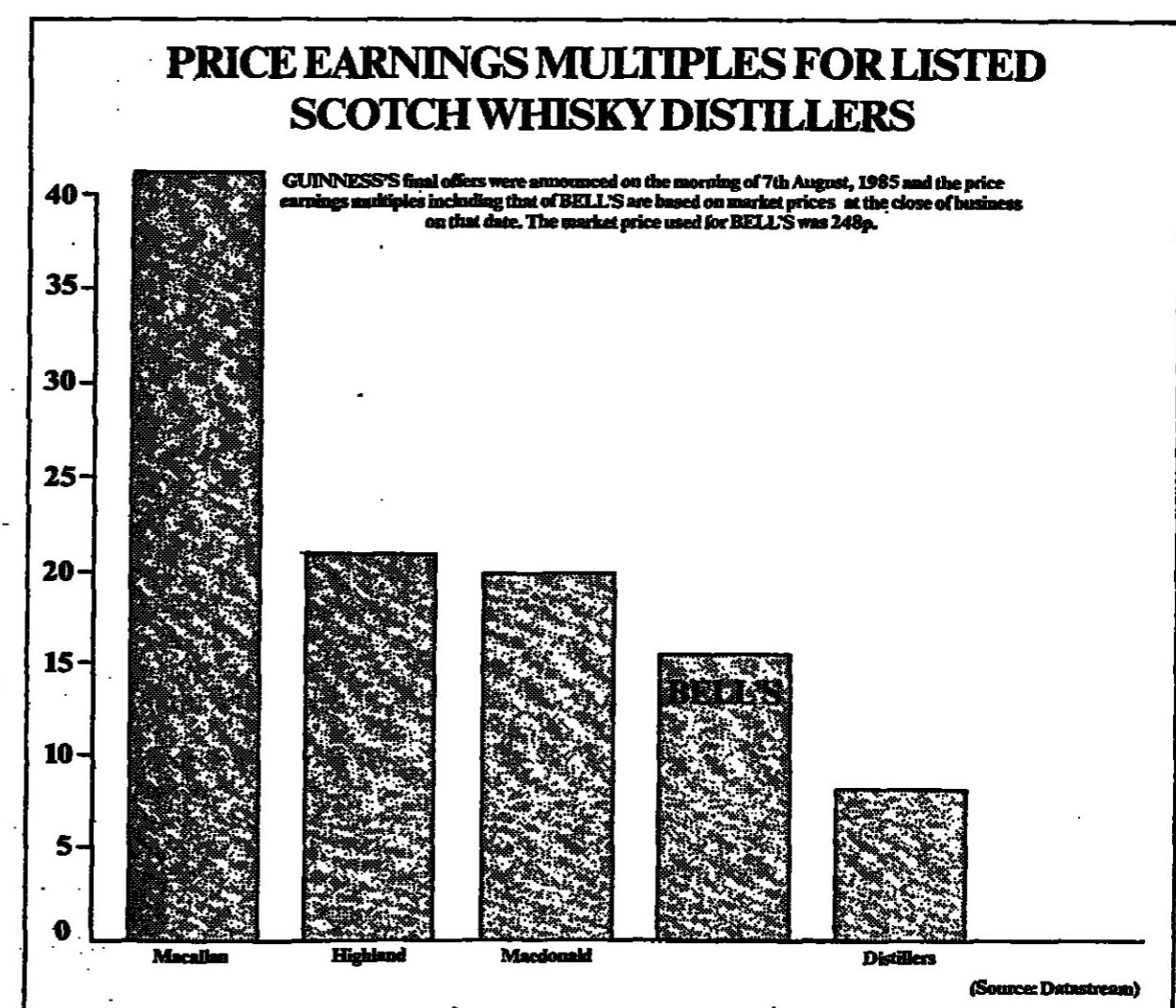
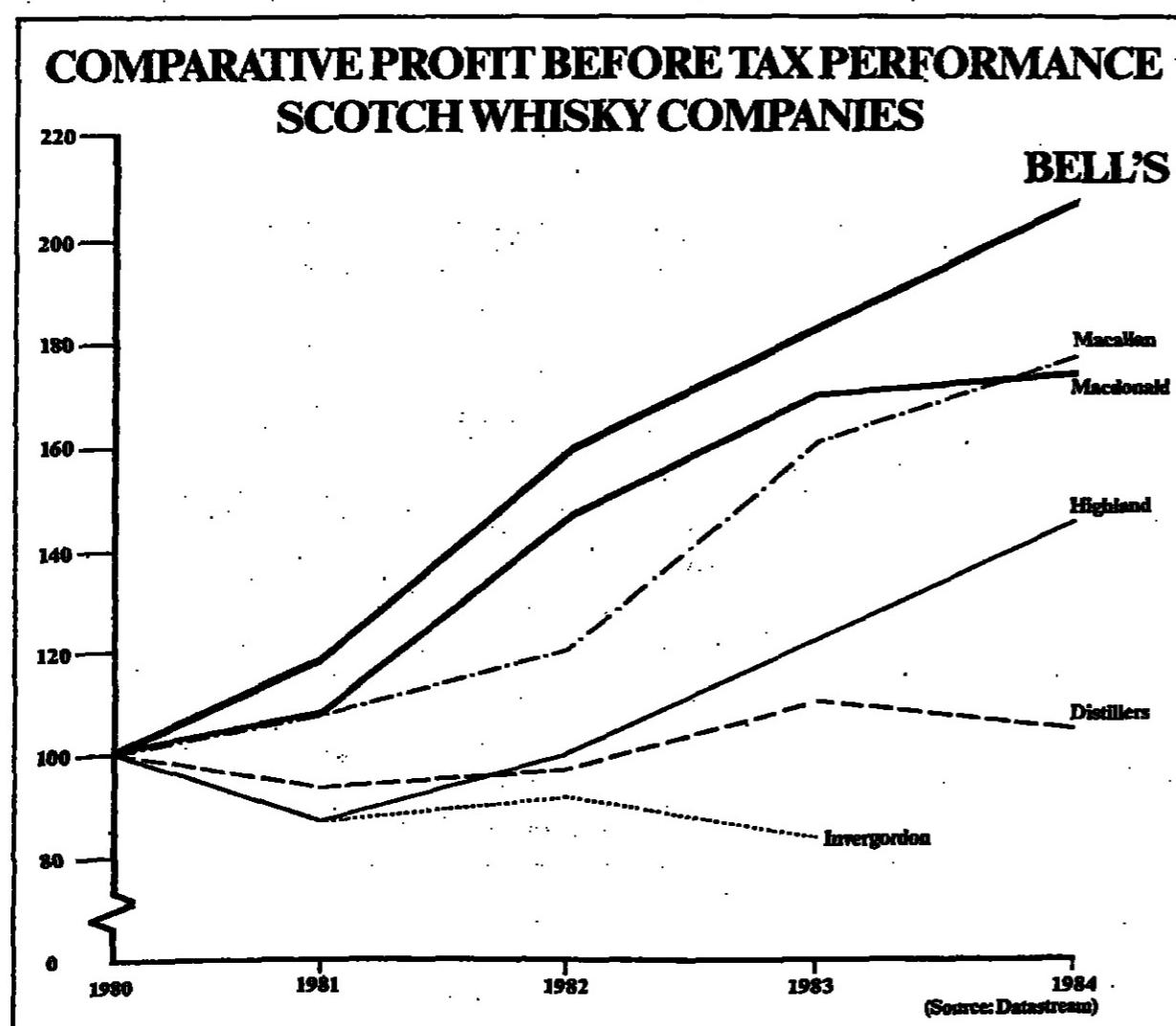
Open lists
profits by
price to
£40,000

BELL'S GROWTH CONTINUES IN THE EIGHTIES



NOTE: Years 1975 and 1976 are the twelve month periods to 31st December. Years 1978 onwards are the twelve months period to 30th June.

DOES THE GUINNESS BID REPRESENT ADEQUATE VALUE FOR THIS SUCCESSFUL SCOTCH WHISKY COMPANY?



Figures used by Datastream are drawn from the published accounts of the relevant companies. Profit before tax used in the graph for each calendar year are taken as being those for the financial year ending in that calendar year restated on the basis that figures for 1980 are 100. Price earnings multiples have been calculated by Datastream using the weighted average number of shares in issue and the profit before tax in the latest published accounts and applying the full tax rate applicable to the relevant year. Information on Invergordon for 1984 is not available on the Datastream database and accordingly its price earnings multiple is not included in the above table.

WE BELIEVE THE ANSWER IS **NO** REJECT THE GUINNESS BID.

This advertisement is published by Arthur Bell & Sons plc whose directors (other than Mr P.R. Tjardie) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

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for guilders, Swiss francs
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Merchant banking, worldwide.

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COMMODITIES AND AGRICULTURE

Precious metals up on fears of unrest in South Africa

BY KENNETH MARSTON, MINING EDITOR

RENEWED concern about light of the strike which black miners workers are threatening to begin this weekend.

The markets see President P. W. Botha's uncompromising speech to the Natal Parliament on August 1st as the first time since the middle of last year.

Gold closed up \$1.5 from Friday's level at \$385.75 per ounce. This was its highest level so far this year. But in active trading platinum finished at \$332, \$11 higher than its London close on Friday.

Both gold and platinum exceeded \$340 at one point yesterday, but a late sell-off by the New York futures market took prices down.

The main reason for revised buying of both metals, which included heavy demand from investors, was the fear of disruption to South African production, particularly in the

Copper stocks continue to rise

By Our Commodities Staff

OFFICIAL stocks of copper in London Metal Exchange warehouses rose by a further 10,350 tonnes last week, underlining the growing, if possibly temporary, surplus of metal.

LONDON METAL EXCHANGE
WAREHOUSE STOCKS
(Changes during week ending
August 14)

	(tonnes)
Aluminium	-550 to 146,200
Copper	+10,350 to 189,925
Lead	+1,000 to 34,550
Nickel	-70 to 4,674
Tin	+580 to 23,955
Zinc	-275 to 36,550
	(ounces)
Silver	+960,000 to 52,810,000

The increase in stocks, announced by the LME yesterday, took them to 189,925 tonnes, their highest level in more than a year.

However, the copper price showed little or no reaction to the news. Traders said they had expected a rise of this order.

Some analysts, nonetheless, are expressing concern about the underlying supply and demand picture for copper and its possible impact on prices, at least over the next few weeks. "Production cutbacks have not been in evidence for the last three to four weeks, and demand has been tailing off," according to one.

However, most analysts are expecting a sizeable price deficit for the year as a whole.

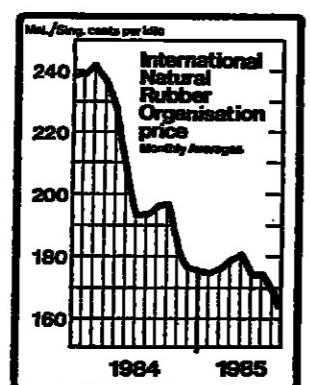
YESTERDAY'S weekly London tea auction ended with no changes in average tea prices. Quality grade was again unquoted while medium grade unquoted while medium grade 135p a kilo and low medium 106p a kilo.

The Tea Brokers' Association of London said there was "good general demand at the opening with selected brighter lines and colour mediums gaining several pence. Medium East and Central Africans eased with poorer sorts neglected. The total offering amounted to 23,942 packages.

Mr Hoffmeister, who is natural rubber purchasing manager with the American tyre company Uniroyal, has been nominated by the U.S. which has agreed to drop its two earlier nominees to break the six-month deadlock. The BSM job is traditionally reserved for an American.

Mr Hoffmeister will take over from Mr Harry Adams who will leave in October.

The BSM's job is seen as crucial at this stage as heavy buying to support sagging prices has pushed the buffer stockpile from 370,000 tonnes to more than 330,000 tonnes within a matter of weeks. This resulted



might hit 400,000 tonnes within a couple of months.

LONDON MARKETS

LONDON futures markets were again quiet yesterday in the absence of major fundamental news.

Sugar showed a modest fall of about \$1.20 a tonne in the cif contract, against a background of reports that Spain is to offer about 150,000 tonnes of white sugar for sale early next month. This offset news over the weekend that Pakistan is seeking to buy 50,000 tonnes of white crystal sugar.

Robusta coffee futures fluctuated uneasily around Friday's closing level and closed little changed, mainly influenced by technical and chart factors.

ALUMINUM

Official closing (am): cash 728.5-9.5 (728.5-30); three months 761.5-2 (761.5-3); settlement 728.5 (730). Final kurb close: 753.4. Turnover: 24,360 tonnes.

Official closing (am): cash 729.5-8.5 (729.5-7); three months 760.5 (760.5-7); settlement 708.5 (708.5-7).

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

\$ quiet ahead of GNP revision

The dollar closed little changed on the day in London, as dealers awaited today's revised figure on U.S. second quarter Gross National Product. It was generally expected the figure will be lower than the earlier estimate of 1.7 per cent growth, possibly rising by only 1.0-1.3 per cent. Trading was within a narrow range, with the dollar finding support at the DM 2.74 level. Another significant event today will be a meeting of the Federal Reserve Open Market Committee, but no change in U.S. monetary policy is anticipated.

The dollar touched a peak of DM 2.7683 during the morning, but was unable to sustain this level, and slipped back to its previous and reluctance to take positions ahead of the GNP revision. Towards the London close the dollar found some renewed demand and managed to shrug off an unexpected \$1.5bn of temporary liquidation due to the New York banking system through customer repurchase agreements by the Federal Reserve. The dollar finished at DM 2.7630, compared with DM 2.7573 on Friday, and also rose to FF 8.42, SwFr 2.2610 from FF 8.42, SwFr 2.2585, and Yen 2326.75, up Yen 2326.80 from Yen 2326.75. On Bank of England

figures the dollar's index rose to 136.9 from 135.9.

STERLING — Trading range against the dollar in 1985 is 1.0350 to 1.0635. July average is £1.0305. Exchange rate index fell to 82.1 on July 12. It opened at 82.1, and after rising to a high of 82.2 at 9 am, a low of 82.0 at 11 am, was steady at 82.1 for the rest of the day.

Sterling held steady against the dollar, and gained ground against other major currencies as the Bank of England continued to give no encouragement on lower interest rates to the London money market. The interest rate

differential in favour of London, after last week's cut in German rates, lifted the pound to DM 3.8676 from DM 3.8575. It has improved to FF 8.4250 from SwFr 8.4250, and Yen 2331.50 from Yen 2331. Sterling lost 10 points in terms of the dollar to \$1.3990-1.4000.

D-MARK — Trading range against the dollar in 1985 is 2.9150 to 2.7575. July average is 2.9124. Exchange rate index fell to 82.1 on July 12. It opened at 82.1, and after rising to a high of 82.2 at 9 am, a low of 82.0 at 11 am, was steady at 82.1 for the rest of the day.

Sterling held steady against the dollar, and gained ground against other major currencies as the Bank of England continued to give no encouragement on lower interest rates to the London money market. The interest rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu	Currency	% change	% change	Difference
	central	against Ecu	from central	adjusted for divergence	limit %
	August 19				
Belgian Franc ...	44.3220	FF 8.4250	+0.58	+0.58	±1.5625
Denmark Krone ...	2.7567	SwFr 8.4250	-0.22	-0.22	±1.3565
French Franc ...	8.8942	DM 3.8676	-0.26	-0.26	±1.3454
German Mark ...	2.28200	2.90500	-0.82	-0.82	±1.5162
Italian Lira ...	1520.000	Yen 2331.50	-1.14	-1.14	±2.0000
Irish Pound ...	1462.000	—	-1.98	-1.98	±4.0000

Changes are for Ecu; therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. French franc 79.25-79.50.

Six-month forward dollar 1.76-1.76c per cent. 12-month 2.80-2.85c per cent.

POUND SPOT—FORWARD AGAINST POUND

	Aug. 19	Days agreed	Close	One month	% p.m.	Three months	% p.m.	12 months	% p.m.
U.S. Dollar ...	1.3960-1.4125	1.3980-1.4000	1.4000	0.40c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08
Canada 1.3900-1.3905	1.3920-1.3932	1.3930	0.30c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Netherlands 4.33-4.365	4.35-4.375	4.375	21-22c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Belgium 6.67-6.73	6.70-6.78	6.78	15-16c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Denmark 1.26-1.27	1.27-1.28	1.28	10-11c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Ireland 1.268-1.269	1.2681-1.2691	1.2691	0.50-0.51c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
W. Germany 3.84-3.85	3.85-3.875	3.875	21-22c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Spain 2.26-2.265	2.265-2.2675	2.2675	10-11c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Italy 2.88-2.895	2.895-2.902	2.902	10-11c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Norway 11.40-11.44	11.42-11.43	11.43	1-1.1c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
France 1.26-1.262	1.262-1.264	1.264	10-11c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Sweden 11.52-11.55	11.55-11.56	11.56	1-1.1c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Japan 330-333	331-332	332	1.85-1.86c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Austria 27.12-27.21	27.15-27.21	27.21	10-11c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	
Switz. 3.1415-3.1420	3.1416-3.1421	3.1421	21-22c per cent	3.08	3.03-1.4050c	3.08	3.03-1.4050c	3.08	

* UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. French franc 79.25-79.50.

Six-month forward dollar 1.76-1.76c per cent. 12-month 2.80-2.85c per cent.

OTHER CURRENCIES

	Aug. 19	£	\$	Note Rates
Argentina. Astd. 11.192-1.1914	11.1920-1.1914	11.1900-1.1914	1.4000-1.4010	
Australia. Dollar 1.10-1.11	1.1000-1.1100	1.1000-1.1100	1.4000-1.4010	
Brazil. Cruzeiro 9.415-9.420	9.4150-9.4200	9.4150-9.4200	1.4000-1.4010	
Denmark 12.05-12.08	12.0500-12.0800	12.0500-12.0800	1.4000-1.4010	
Greece 1.17-1.18	1.1700-1.1800	1.1700-1.1800	1.4000-1.4010	
Hong Kong 10.517-10.519	10.5170-10.5190	10.5170-10.5190	1.4000-1.4010	
Iran Rial 122.40*	122.40	122.40	1.4000-1.4010	
Kuwait/Dollar 0.4288-0.4294	0.4288-0.4294	0.4288-0.4294	1.4000-1.4010	
Luxembourg 1.4000-1.4005	1.4000-1.4005	1.4000-1.4005	1.4000-1.4010	
Malaysia Ringgit 3.4420-3.4425	3.4420-3.4425	3.4420-3.4425	1.4000-1.4010	
New Zealand 0.6825-0.6828	0.6825-0.6828	0.6825-0.6828	1.4000-1.4010	
Saudi Arab. Riyal 5.75-5.755	5.7500-5.7550	5.7500-5.7550	1.4000-1.4010	
Singapore 1.00-1.005	1.0000-1.0050	1.0000-1.0050	1.4000-1.4010	
South Africa 1.00-1.005	1.0000-1.0050	1.0000-1.0050	1.4000-1.4010	
South African Rand 3.3585-3.3595	3.3585-3.3595	3.3585-3.3595	1.4000-1.4010	
U.A.E. Dirham 5.1480-5.1533	5.1480-5.1533	5.1480-5.1533	1.4000-1.4010	

* Selling rate.

Aug. 19

a fully integrated banking service

DAIWA BANK

Head Office: Osaka, Japan
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 Frankfurt Branch: Tel: (069) 55 62 31
 Paris Representative Office: Tel: (01) 256 15 73
 Dresdner Bank (Capital Management) Limited, London:
 Tel: (01) 623-1494

BRITISH FUNDS

High	Low	Price	+ or -	Vold.	Yield	Ex. Ret.
Stock		E	Cents	Wkds	%	Yrs.
"Shorts" (Live up to Five Years)						
1000 99 1st Oct 1985	100.2	-1	12.25	10.97		
1000 99 1st Oct 1986	100.2	-1	12.25	10.97		
995 99 1st Oct 1987	99.5	-1	12.25	10.97		
995 99 1st Oct 1988	99.5	-1	12.25	10.97		
1000 99 1st Oct 1989	99.5	-1	12.25	10.97		
1000 99 1st Oct 1990	99.5	-1	12.25	10.97		
1000 99 1st Oct 1991	99.5	-1	12.25	10.97		
1000 99 1st Oct 1992	99.5	-1	12.25	10.97		
1000 99 1st Oct 1993	99.5	-1	12.25	10.97		
1000 99 1st Oct 1994	99.5	-1	12.25	10.97		
1000 99 1st Oct 1995	99.5	-1	12.25	10.97		
1000 99 1st Oct 1996	99.5	-1	12.25	10.97		
1000 99 1st Oct 1997	99.5	-1	12.25	10.97		
1000 99 1st Oct 1998	99.5	-1	12.25	10.97		
1000 99 1st Oct 1999	99.5	-1	12.25	10.97		
1000 99 1st Oct 2000	99.5	-1	12.25	10.97		
1000 99 1st Oct 2001	99.5	-1	12.25	10.97		
1000 99 1st Oct 2002	99.5	-1	12.25	10.97		
1000 99 1st Oct 2003	99.5	-1	12.25	10.97		
1000 99 1st Oct 2004	99.5	-1	12.25	10.97		
1000 99 1st Oct 2005	99.5	-1	12.25	10.97		
1000 99 1st Oct 2006	99.5	-1	12.25	10.97		
1000 99 1st Oct 2007	99.5	-1	12.25	10.97		
1000 99 1st Oct 2008	99.5	-1	12.25	10.97		
1000 99 1st Oct 2009	99.5	-1	12.25	10.97		
1000 99 1st Oct 2010	99.5	-1	12.25	10.97		
1000 99 1st Oct 2011	99.5	-1	12.25	10.97		
1000 99 1st Oct 2012	99.5	-1	12.25	10.97		
1000 99 1st Oct 2013	99.5	-1	12.25	10.97		
1000 99 1st Oct 2014	99.5	-1	12.25	10.97		
1000 99 1st Oct 2015	99.5	-1	12.25	10.97		
1000 99 1st Oct 2016	99.5	-1	12.25	10.97		
1000 99 1st Oct 2017	99.5	-1	12.25	10.97		
1000 99 1st Oct 2018	99.5	-1	12.25	10.97		
1000 99 1st Oct 2019	99.5	-1	12.25	10.97		
1000 99 1st Oct 2020	99.5	-1	12.25	10.97		
1000 99 1st Oct 2021	99.5	-1	12.25	10.97		
1000 99 1st Oct 2022	99.5	-1	12.25	10.97		
1000 99 1st Oct 2023	99.5	-1	12.25	10.97		
1000 99 1st Oct 2024	99.5	-1	12.25	10.97		
1000 99 1st Oct 2025	99.5	-1	12.25	10.97		
1000 99 1st Oct 2026	99.5	-1	12.25	10.97		
1000 99 1st Oct 2027	99.5	-1	12.25	10.97		
1000 99 1st Oct 2028	99.5	-1	12.25	10.97		
1000 99 1st Oct 2029	99.5	-1	12.25	10.97		
1000 99 1st Oct 2030	99.5	-1	12.25	10.97		
1000 99 1st Oct 2031	99.5	-1	12.25	10.97		
1000 99 1st Oct 2032	99.5	-1	12.25	10.97		
1000 99 1st Oct 2033	99.5	-1	12.25	10.97		
1000 99 1st Oct 2034	99.5	-1	12.25	10.97		
1000 99 1st Oct 2035	99.5	-1	12.25	10.97		
1000 99 1st Oct 2036	99.5	-1	12.25	10.97		
1000 99 1st Oct 2037	99.5	-1	12.25	10.97		
1000 99 1st Oct 2038	99.5	-1	12.25	10.97		
1000 99 1st Oct 2039	99.5	-1	12.25	10.97		
1000 99 1st Oct 2040	99.5	-1	12.25	10.97		
1000 99 1st Oct 2041	99.5	-1	12.25	10.97		
1000 99 1st Oct 2042	99.5	-1	12.25	10.97		
1000 99 1st Oct 2043	99.5	-1	12.25	10.97		
1000 99 1st Oct 2044	99.5	-1	12.25	10.97		
1000 99 1st Oct 2045	99.5	-1	12.25	10.97		
1000 99 1st Oct 2046	99.5	-1	12.25	10.97		
1000 99 1st Oct 2047	99.5	-1	12.25	10.97		
1000 99 1st Oct 2048	99.5	-1	12.25	10.97		
1000 99 1st Oct 2049	99.5	-1	12.25	10.97		
1000 99 1st Oct 2050	99.5	-1	12.25	10.97		
1000 99 1st Oct 2051	99.5	-1	12.25	10.97		
1000 99 1st Oct 2052	99.5	-1	12.25	10.97		
1000 99 1st Oct 2053	99.5	-1	12.25	10.97		
1000 99 1st Oct 2054	99.5	-1	12.25	10.97		
1000 99 1st Oct 2055	99.5	-1	12.25	10.97		
1000 99 1st Oct 2056	99.5	-1	12.25	10.97		
1000 99 1st Oct 2057	99.5	-1	12.25	10.97		
1000 99 1st Oct 2058	99.5	-1	12.25	10.97		
1000 99 1st Oct 2059	99.5	-1	12.25	10.97		
1000 99 1st Oct 2060	99.5	-1	12.25	10.97		
1000 99 1st Oct 2061	99.5	-1	12.25	10.97		
1000 99 1st Oct 2062	99.5	-1	12.25	10.97		
1000 99 1st Oct 2063	99.5	-1	12.25	10.97		
1000 99 1st Oct 2064	99.5	-1	12.25	10.97		
1000 99 1st Oct 2065	99.5	-1	12.25	10.97		
1000 99 1st Oct 2066	99.5	-1	12.25	10.97		
1000 99 1st Oct 2067	99.5	-1	12.25	10.97		
1000 99 1st Oct 2068	99.5	-1	12.25	10.97		
1000 99 1st Oct 2069	99.5	-1	12.25	10.97		
1000 99 1st Oct 2070	99.5	-1	12.25	10.97		
1000 99 1st Oct 2071	99.5	-1	12.25	10.97		
1000 99 1st Oct 2072	99.5	-1	12.25	10.97		
1000 99 1st Oct 2073	99.5	-1	12.25	10.97		
1000 99 1st Oct 2074	99.5	-1	12.25	10.97		
1000 99 1st Oct 2075	99.5	-1	12.25	10.97		
1000 99 1st Oct 2076	99.5	-1	12.25	10.97		
1000 99 1st Oct 2077	99.5	-1	12.25	10.97		
1000 99 1st Oct 2078	99.5	-1	12.25	10.97		
1000 99 1st Oct 2079	99.5	-1	12.25	10.97		
1000 99 1st Oct 2080	99.5	-1	12.25	10.97		
1000 99 1st Oct 2081	99.5	-1	12.25	10.97		
1000 99 1st Oct 2082	99.5	-1	12.25	10.97		
1000 99 1st Oct 2083	99.5	-1	12.25	10.97		
1000 99 1st Oct 2084	99.5	-1	12.25	10.97		
1000 99 1st Oct 2085	99.5	-1	12.25	10.97		
1000 99 1st Oct 2086	99.5	-1	12.25	10.97		
1000 99 1st Oct 2087	99.5	-1	12.25			

Financial Times Tuesday August 20 1985
INDUSTRIALS—Continued

INDUSTRIALS—Continued

MARKET REPORT

LONDON STOCK EXCHANGE

RECENT ISSUES

Leading industrials ease back from firm opening FT index closes 2.6 down at 972.1

Account Dealing Dates

Opções
First Declar - Last Account Dealings Sums Dealings Day
July 29 Aug 5 Aug 9 Aug 19
Aug 12 Sept 2 Sept 12 Sept 19
Sept 2 Sept 12 Sept 12 Sept 21
New account dealings may take place from 9.30 am on business days earlier.

Business in London stock markets was evenly balanced at the start of the second week of the extended trading session which encompasses the August bank holiday. Equity market interest contracted not only after the previous week's British industrialists had their dealers pinned to their backs by an extension of the recent upturn on the possibility that the authorities may soon move to lower intervention rates. This would clear the way for a further cut in bank base rates and the most optimistic view in the market was for a 1% percentage point reduction at the end of next month or the start of next year. Sterling's performance, crucial to any change in domestic interest rates, was reasonably heartening yesterday, with the rate against the dollar closing steady around \$1.40, having touched extremes of \$1.34 and \$1.385 last week.

With Sterling's significant decline on Friday, bearish money supply and housing starts figures did little to boost confidence in London as did forecasts that the revised figure for U.S. GNP for the second quarter could be a downward revision from 1.7% to 1.5% or 1.3%.

Leading blue chips opened a shade firmer but thereafter drifted back on general lack of interest to close with widespread modest falls on balance. The only sector to display any sustained strength was the paper, where Fleet Holdings jumped 13 to 323 amid talk that the current Motopoulos Commission inquiry into the bid from United Newspapers will come down in favour of the latter.

Illustrating the equity market's gradual disaffection with leading industrials the FT Ordinary share index, after posting a marginal rise at 10 o'clock, ran back to close a net 2.6 lower on the day at 972.1.

Business in Gold-edged was reduced to a trickle; a fraction higher at the outset, most stocks closed with gains in the region of 1%.

Insurances drift

Composite Insurances drifted earlier in trading. Commercial Union softened 2 to 227.5, while Royal, 85.5; Sun Alliance, 51.5p, and General Accident, 62.5p, all shed 7. Lloyds brokers were irregular. Hogg Robinsons edged up 3 to 270p and USM quoted Dewey Warren rose 7 to 240p, but Sedgwick slipped 3 to 375p and Willis Faber lost the same amount to 60p.

On the whole, formerly Russell Brothers, Paddington, made a satisfactory market debut: the shares placed at 70p, opened at 75p and settled at 74p. Arthur Bell closed 7 lower at

255p after a lively two-way business. Trade was initially stimulated by a writer of weekend Press comment. Suggestions that Rothman International would be enlisted as a "white knight" in a final attempt to ward off the bid from Godfrey was quickly refuted by both Bell and Rothman and the latter, finished a net gain to the good at 120p, while Guinness were unchanged at 271p.

Regional Breweries continued to attract support. Vaux, up 35 last week, rose 7 more to 340p, while Wolverhampton and Dudley added a similar amount at 374p.

The Building sector's recent strong run faltered and the leaders gave modest ground on the last day. Cossor, which slipped a couple of pence to 45.5p and Taylor Woodrow lost 8 to 47.5p. Nervous offerings in front of today's half-term clipped 8 from Alfred McAlpine at 264p, while profit-taking in the wake of the annual results left USM quoted Access Satellite 25 down at 180p. Troubled housebuilding group, which fell 4 to 180p, was forced to file for protection before legal action from a private shareholder in an attempt to force a Department of Trade inquiry because of the uncertainty surrounding Milbury's Westminster Property subsidiary.

On a brighter note, Vibronics gained 14 to 160p in response to the good annual figures put out by Bell Brothers put on 7 to 63p on speculative interest.

Trading statements were responsible for two noteworthy movements in Chemicals. Hickson International rose 10 to 385p following interim profits much in line with market estimates. Blagden Industries eased a couple of pence to 112p, the good interim figures discounted.

Burton better late

A generally lacklustre session among leading Retailers was featured by Burton which recovered from a full opening to close 10 higher on balance at 455p, following a successful placing. Next came a rise of 6 to a 1985 high of 458p, while W.H. Smith hardened 2 to 245p, the latter's annual results are expected tomorrow.

Secondary Stores were also subdivided. Press comment lifted S.E. Gent 4 to 22p and Ward 8. A like amount to 326p.

Leading Electricals displayed modest gains for choice. Press comment prompted rises of 5 in Cable and Wireless, 54.5p, and BECC, 205p, while Rail, annual results, were scaled up to 156p.

Press suggestions of a bid from Burin lifted United 7 to 257p, after 260p, while "call" option business aided Arles, 3 up at 75p. International Signal and

FINANCIAL TIMES STOCK INDICES

	Aug 10	Aug 11	Aug 12	Aug 13	Aug 14	Aug 15	Aug 16	Aug 17	Aug 18	Aug 19	Aug 20
Government Secs	85.80	85.70	85.70	85.50	85.50	85.70	85.70	85.70	85.70	85.70	85.70
Fixed Interest	88.66	88.64	88.64	88.64	88.64	88.64	88.64	88.64	88.64	88.64	88.64
Ordinary	972.1	974.7	976.7	966.0	969.0	964.5	955.8	955.8	955.8	955.8	955.8
Gold mines	317.4	304.5	303.5	302.5	302.5	302.5	302.5	302.5	302.5	302.5	302.5
Ord. Div. Yield	4.84	4.85	4.85	4.85	4.85	4.85	4.85	4.85	4.85	4.85	4.85
Earnings, Yld. (pct.)	11.85	11.85	11.85	11.85	11.85	11.85	11.85	11.85	11.85	11.85	11.85
P/E Ratio (net (%))	10.34	10.38	10.40	10.38	10.38	10.38	10.38	10.38	10.38	10.38	10.38
Total Bargains (Ext)	20,494	21,141	20,811	20,647	20,645	21,055	17,920	17,920	17,920	17,920	17,920
Equity turnover (Ext)	—	248.1	356.12	351.29	347.54	351.34	175.90	175.90	175.90	175.90	175.90
Equity bargains	—	164.0	204.5	189.3	180.0	177.2	111.5	111.5	111.5	111.5	111.5
Shares traded (mln.)	—	19,031	19,036	17,904	20,018	20,018	15,740	15,740	15,740	15,740	15,740

* 10 am 975.1. 11 am 974.1. Noon 972.7. 1 pm 972.7.

2 pm 972.4. 3 pm 972.4. 4 pm 972.5.

Dex's High 972.5. Day's Low 972.1.

Banks 100 Govt. Secs 15/10/82. Fixed Int. 1928. Ordinary 1/7/95.

Gold Mines 12/9/82. SE Activity 1974.

Lastest Index 01-946 8226.

* Nil = 9.96.

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WORLD STOCK MARKETS

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GERMANY		NORWAY		AUSTRALIA (continued)		JAPAN (continued)		CANADA																		TORONTO		Prices at 2:30pm		August 19		SALES STOCK		HIGH		LOW		CLOSE		CHNG		SALES STOCK		HIGH		LOW		CLOSE		CHNG		SALES STOCK		HIGH		LOW		CLOSE		CHNG																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Aug. 19		Price Sch2		+ or -		Aug. 19		Price Krone		+ or -		Aug. 19		Price Aus\$		+ or -		Aug. 19		Price Yen		+ or -		Sales Stock		High		Low		Close		Chng		Sales Stock		High		Low		Close		Chng		Sales Stock		High		Low		Close		Chng																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
Greditanstalt	366	+10	AEG-Telef.	130.5	-0.7	Bergens Bank	142.5	-0.5	Gen. Prop. Trust	2.24	+0.01	MHI	351	+12	Mitsui	451	+9	Mitau Estate	655	-1	Hartogen Energy	2.28	+0.02	Mitsui	451	+9	Elkem	131	+1.5	Herald W/Times	4.85	+11	Mitakoshi	645	+11	Koemos	257	-2	ICL Aust.	2.28	+0.05	NKG Insulators	746	+6	Nihon Cement	352	-	Nippon Denso	1,500	+10	Nippon Elect.	866	-1	Nippon Express	504	+3	Nippon Gakki	1,800	-20	Nippon Oil	840	-1	Nippon Seiko	460	-4	Nippon Shimpan	677	+27	Nippon Steel	176	-4	North Bim Hill	2.42	-	Nippon Sulsan	386	-5	Oakbridge	1.24	-	Orklands	260	-	Orklands	120	-	Ottar Res	195	+5	Ozon Dev	425	-5	Paragon	11263	-	Pearl Corp	14	-1	Denison A	512	-1	Denison B	513	-1	Dickens A	578	-	Dickens B	582	-	Dickens C	584	+1	Dickens D	586	+1	Dickens E	588	+1	Dickens F	590	+1	Dickens G	592	+1	Dickens H	594	+1	Dickens I	596	+1	Dickens J	598	+1	Dickens K	600	+1	Dickens L	602	+1	Dickens M	604	+1	Dickens N	606	+1	Dickens O	608	+1	Dickens P	610	+1	Dickens Q	612	+1	Dickens R	614	+1	Dickens S	616	+1	Dickens T	618	+1	Dickens U	620	+1	Dickens V	622	+1	Dickens W	624	+1	Dickens X	626	+1	Dickens Y	628	+1	Dickens Z	630	+1	Dickens AA	632	+1	Dickens BB	634	+1	Dickens CC	636	+1	Dickens DD	638	+1	Dickens EE	640	+1	Dickens FF	642	+1	Dickens GG	644	+1	Dickens HH	646	+1	Dickens JJ	648	+1	Dickens KK	650	+1	Dickens LL	652	+1	Dickens MM	654	+1	Dickens NN	656	+1	Dickens OO	658	+1	Dickens PP	660	+1	Dickens QQ	662	+1	Dickens RR	664	+1	Dickens TT	666	+1	Dickens YY	668	+1	Dickens ZZ	670	+1	Dickens AA	672	+1	Dickens BB	674	+1	Dickens CC	676	+1	Dickens DD	678	+1	Dickens EE	680	+1	Dickens FF	682	+1	Dickens GG	684	+1	Dickens HH	686	+1	Dickens JJ	688	+1	Dickens KK	690	+1	Dickens LL	692	+1	Dickens MM	694	+1	Dickens NN	696	+1	Dickens OO	698	+1	Dickens PP	700	+1	Dickens QQ	702	+1	Dickens RR	704	+1	Dickens TT	706	+1	Dickens YY	708	+1	Dickens ZZ	710	+1	Dickens AA	712	+1	Dickens BB	714	+1	Dickens CC	716	+1	Dickens DD	718	+1	Dickens EE	720	+1	Dickens FF	722	+1	Dickens GG	724	+1	Dickens HH	726	+1	Dickens JJ	728	+1	Dickens KK	730	+1	Dickens LL	732	+1	Dickens MM	734	+1	Dickens NN	736	+1	Dickens OO	738	+1	Dickens PP	740	+1	Dickens QQ	742	+1	Dickens RR	744	+1	Dickens TT	746	+1	Dickens YY	748	+1	Dickens ZZ	750	+1	Dickens AA	752	+1	Dickens BB	754	+1	Dickens CC	756	+1	Dickens DD	758	+1	Dickens EE	760	+1	Dickens FF	762	+1	Dickens GG	764	+1	Dickens HH	766	+1	Dickens JJ	768	+1	Dickens KK	770	+1	Dickens LL	772	+1	Dickens MM	774	+1	Dickens NN	776	+1	Dickens OO	778	+1	Dickens PP	780	+1	Dickens QQ	782	+1	Dickens RR	784	+1	Dickens TT	786	+1	Dickens YY	788	+1	Dickens ZZ	790	+1	Dickens AA	792	+1	Dickens BB	794	+1	Dickens CC	796	+1	Dickens DD	798	+1	Dickens EE	800	+1	Dickens FF	802	+1	Dickens GG	804	+1	Dickens HH	806	+1	Dickens JJ	808	+1	Dickens KK	810	+1	Dickens LL	812	+1	Dickens MM	814	+1	Dickens NN	816	+1	Dickens OO	818	+1	Dickens PP	820	+1	Dickens QQ	822	+1	Dickens RR	824	+1	Dickens TT	826	+1	Dickens YY	828	+1	Dickens ZZ	830	+1	Dickens AA	832	+1	Dickens BB	834	+1	Dickens CC	836	+1	Dickens DD	838	+1	Dickens EE	840	+1	Dickens FF	842	+1	Dickens GG	844	+1	Dickens HH	846	+1	Dickens JJ	848	+1	Dickens KK	850	+1	Dickens LL	852	+1	Dickens MM	854	+1	Dickens NN	856	+1	Dickens OO	858	+1	Dickens PP	860	+1	Dickens QQ	862	+1	Dickens RR	864	+1	Dickens TT	866	+1	Dickens YY	868	+1	Dickens ZZ	870	+1	Dickens AA	872	+1	Dickens BB	874	+1	Dickens CC	876	+1	Dickens DD	878	+1	Dickens EE	880	+1	Dickens FF	882	+1	Dickens GG	884	+1	Dickens HH	886	+1	Dickens JJ	888	+1	Dickens KK	890	+1	Dickens LL	892	+1	Dickens MM	894	+1	Dickens NN	896	+1	Dickens OO	898	+1	Dickens PP	900	+1	Dickens QQ	902	+1	Dickens RR	904	+1	Dickens TT	906	+1	Dickens YY	908	+1	Dickens ZZ	910	+1	Dickens AA	912	+1	Dickens BB	914	+1	Dickens CC	916	+1	Dickens DD	918	+1	Dickens EE	920	+1	Dickens FF	922	+1	Dickens GG	924	+1	Dickens HH	926	+1	Dickens JJ	928	+1	Dickens KK	930	+1	Dickens LL	932	+1	Dickens MM	934	+1	Dickens NN	936	+1	Dickens OO	938	+1	Dickens PP	940	+1	Dickens QQ	942	+1	Dickens RR	944	+1	Dickens TT	946	+1	Dickens YY	948	+1	Dickens ZZ	950	+1	Dickens AA	952	+1	Dickens BB	954	+1	Dickens CC	956	+1	Dickens DD	958	+1	Dickens EE	960	+1	Dickens FF	962	+1	Dickens GG	964	+1	Dickens HH	966	+1	Dickens JJ	968	+1	Dickens KK	970	+1	Dickens LL	972	+1	Dickens MM	974	+1	Dickens NN	976	+1	Dickens OO	978	+1	Dickens PP	980	+1	Dickens QQ	982	+1	Dickens RR	984	+1	Dickens TT	986	+1	Dickens YY	988	+1	Dickens ZZ	990	+1	Dickens AA	992	+1	Dickens BB	994	+1	Dickens CC	996	+1	Dickens DD	998	+1	Dickens EE	1,000	+1	Dickens FF	1,002	+1	Dickens GG	1,004	+1	Dickens HH	1,006	+1	Dickens JJ	1,008	+1	Dickens KK	1,010	+1	Dickens LL	1,012	+1	Dickens MM	1,014	+1	Dickens NN	1,016	+1	Dickens OO	1,018	+1	Dickens PP	1,020	+1	Dickens QQ	1,022	+1	Dickens RR	1,024	+1	Dickens TT	1,026	+1	Dickens YY	1,028	+1	Dickens ZZ	1,030	+1	Dickens AA	1,032	+1	Dickens BB	1,034	+1	Dickens CC	1,036	+1	Dickens DD	1,038	+1	Dickens EE	1,040	+1	Dickens FF	1,042	+1	Dickens GG	1,044	+1	Dickens HH	1,046	+1	Dickens JJ	1,048	+1	Dickens KK	1,050	+1	Dickens LL	1,052	+1	Dickens MM	1,054	+1	Dickens NN	1,056	+1	Dickens OO	1,058	+1	Dickens PP	1,060	+1	Dickens QQ	1,062	+1	Dickens RR	1,064	+1	Dickens TT	1,066	+1	Dickens YY	1,068	+1	Dickens ZZ	1,070	+1	Dickens AA

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

UK COMPANY NEWS

IN-DEPTH REPORTING DAILY IN THE FT

CANADA

Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg
TORONTO																							
		<i>Prices at 2.30pm August 19</i>																					
608	Abri Price	\$20 ¹	20 ¹	20 ¹	- ¹	15500	Gzar Res	785	780	785	+5	2000	MDS H A	517 ¹	517 ¹	517 ¹	+1 ¹	3720	Torsuer B t	\$30 ²	30	30	-1 ¹
2500	Acklands	\$17 ⁵	17 ⁴	17 ⁴	+ ¹	11263	Dixon Dev	425	420	420	-5	100	MICC	415	415	415		100	Traders A t	\$20 ²	20 ²	20 ²	
39680	Agnew E	\$20 ⁴	19 ⁸	20	+ ²	5225	Denton B t	\$154 ¹	14	14	-1 ¹	8686	McLean H X	\$135 ²	132 ¹	132 ¹	+1 ¹	3310	Tracs Mt	\$11	11	11	
5700	Alta Energy	\$18 ⁴	18 ²	18 ²	- ²	2545	Denton B t	\$133 ¹	133	133		11034	Mertine I	\$154 ²	153 ¹	153 ¹		2000	Trinity Res	360	360	360	
60072	Algoa St	\$20 ⁴	20 ¹	20 ¹		1000	Developco	\$58 ¹	57 ¹	57 ¹		1000	Mertain L	360	360	360	+5	25548	TransAmer USA	\$26 ¹	25 ¹	25 ¹	
608	Argus C pr	\$17 ⁴	17 ¹	17 ¹		30083	Dickson A t	\$87 ¹	87 ¹	87 ¹	+1 ¹	29435	Molson A t	\$161 ¹	161 ¹	161 ¹	+1 ¹	11128	TrCan PL	\$25 ¹	25 ¹	25 ¹	-1 ¹
500	Alto I I	\$35 ¹	35 ¹	35 ¹	+1 ¹	2028	Dickson B	\$28 ¹	28 ¹	28 ¹	+1 ¹	10100	Nabisco L	\$275 ¹	272 ¹	272 ¹	+1 ¹	1622	Tristar A	\$21 ¹	20 ¹	21	-1 ¹
380	BP Canada	\$33 ⁴	33 ²	33 ²	-1 ¹	3865	Domaco	\$27 ¹	27 ¹	27 ¹	-1 ¹	60737	Noranda	\$177 ¹	175 ¹	175 ¹		222370	Turbo	60	56	56	
4804	BSP Canada	\$35 ¹	35 ¹	35 ¹		2600	Doman A	280	280	280		2498	Norcen	\$15 ²	154 ¹	154 ¹	-1 ¹	166	Unicorp A t	\$8 ¹	8 ¹	8 ¹	-1 ¹
108843	Bans N S	\$134 ¹	132 ¹	132 ¹	-1 ¹	1240	Do Port A	\$22 ¹	22 ¹	22 ¹	+1 ¹	35782	Nwu Alia I	\$84 ¹	84 ¹	84 ¹		31819	U Enterprise	\$12	11 ¹	11 ¹	
225675	Barrick R	200	197	197	-1	1110	Dyler A	\$14 ¹	14 ¹	14 ¹	-1 ¹	100	Nwachukwu	\$20 ⁴	204	204	+1 ¹	8730	U Keno	\$88 ¹	90	93	+1 ¹
4182	Bonanza R	370	368	368	-5	1150	Electrom X	\$84 ¹	81 ¹	81 ¹	-1 ¹	18378	Nwu Alia sp A	40	39	40	+1	1217	Ventra A t	480	480	480	
1900	Bronmans	\$17 ⁴	17 ²	17 ²	+1 ¹	100	Enco	\$215 ¹	21 ¹	21 ¹	-1 ¹	2000	Oakwood	\$74 ¹	74 ¹	74 ¹		700	Wardair	\$24 ¹	24 ¹	24 ¹	
1300	Bronde M	\$10 ⁴	10 ²	10 ²	+2 ¹	500	Equity Svr	\$83 ¹	81 ¹	81 ¹	+1 ¹	1536	Ottawa A t	\$132 ¹	131 ¹	131 ¹	+1 ¹	54100	Westmbo	\$14	14	14	
15	BC Corp	\$28 ⁷	28 ⁵	28 ⁵	-2 ¹	500	FCA Int'l	\$18	17 ¹	17 ¹		3200	Pac W Akin	\$15 ¹	15 ¹	15 ¹		2950	Weston	\$83	82	83	+1 ¹
24270	BC Res	251	247	249	-3	100	G Falcon C	\$16 ⁴	15 ⁴	15 ⁴	-1 ¹	15210	Parmour	\$81 ¹	81 ¹	81 ¹	-1 ¹	312	Woodard A	\$15 ¹	15 ¹	15 ¹	
5755	BC Phone	\$22 ⁴	22 ²	22 ²		2800	Flenflo	\$20 ⁵	20 ⁵	20 ⁵	+1 ¹	15330	Pearson Can P	\$34 ¹	34 ¹	34 ¹	-1 ¹	2300	Yk Gear	\$51 ¹	51 ¹	51 ¹	
2000	Brunswk	\$15 ⁴	15 ²	15 ²	+1 ¹	1261	GL Forest	\$21 ¹	21 ¹	21 ¹	+1 ¹	100	Penthouse	\$16 ¹	16 ¹	16 ¹	-1 ¹	45567	Bana Mont	\$29 ¹	29 ¹	29 ¹	+1 ¹
7980	Bud Can	\$32 ⁴	32 ²	32 ²	-1 ¹	200	GT Pacific	\$34 ¹	34	34	-1	200	Pine Point	\$24 ¹	24 ¹	24 ¹	-1 ¹	1674	Bombardier A	\$14 ²	14 ²	14 ²	+1 ¹
7700	C AE	\$15 ¹	15 ¹	15 ¹		500	Greyhound	\$24 ¹	24 ¹	24 ¹	-1 ¹	11850	Sceptre	\$55 ¹	55 ¹	55 ¹	-1 ¹	7000	Bombardier	\$14 ²	14 ²	14 ²	+1 ¹
1400	Cad Frv	\$12 ²	12 ¹	12 ¹	-1 ¹	862	H Group A	\$20 ¹	20 ¹	20 ¹		4902	Sears Can	\$91 ¹	91 ¹	91 ¹		150329	Cascades	\$19 ¹	19 ¹	19 ¹	+1 ¹
1000	Campau f	\$27 ⁴	27 ⁴	27 ⁴		1800	Hayes D	\$12 ¹	12	12	-1 ¹	45010	Shoff Can	\$26 ¹	26 ¹	26 ¹		7886	Spac Aero t	\$29 ¹	29 ¹	29 ¹	+1 ¹
1357	C Nor Wes	\$24 ⁴	24	24		5500	Hillcrest	\$22 ¹	22 ¹	22 ¹		1100	Slater B f	\$12 ¹	12 ¹	12 ¹	+1 ¹	150329	Cascades	\$19 ¹	19 ¹	19 ¹	+1 ¹
1500	C Packrs	\$34 ³	33 ¹	33 ¹		1882	Hay Co	\$23 ¹	23 ¹	23 ¹		12100	Southam	\$17 ¹	17 ¹	17 ¹		7986	Dom/TzA	\$11 ¹	11 ¹	11 ¹	
2800	C Tung	\$17 ⁶	17 ⁴	17 ⁴	+3 ¹	10350	Imasco	\$28 ¹	28 ¹	28 ¹	-1 ¹	63035	Sherritt	\$81 ¹	81 ¹	81 ¹	-1 ¹	400	Min/Trit	\$15 ¹	15 ¹	15 ¹	+1 ¹
7264	Cl Bk Corp	\$35 ¹	35 ¹	35 ¹		1863	Inland Gas	\$27 ¹	27 ¹	27 ¹	-1 ¹	6780	Spar Aero t	\$29 ¹	29 ¹	29 ¹		45538	North Cds	\$21 ¹	21 ¹	21 ¹	+1 ¹
16258	CTra A t	\$10	8 ⁷	8 ⁷	-1 ¹	40800	Indl Thm	\$9 ¹	9 ¹	9 ¹		20	St. Botical	\$19 ¹	19 ¹	19 ¹	-1 ¹	5757	Power Corp	\$19 ¹	18 ¹	19	+1 ¹
12548	Cineplex	\$11 ³	11 ¹	11 ¹	-1 ¹	1800	Inpr Pipe	\$42 ¹	42	42	-1 ¹	5814	Stelco A	\$21 ¹	21 ¹	21 ¹		250	PollandA	\$20 ¹	20	20	
21475	C Distb A	\$7 ²	7 ²	7 ²	+1 ¹	3400	Jahrock	\$15 ²	15 ²	15 ²	-1 ¹	3000	Sulphur	180	180	180		11015	Royal Bank	\$31 ¹	31	31	
56350	Colibz B t	\$7 ⁵	7 ¹	7 ¹	-1 ¹	700	Kerr Add	\$16 ¹	15 ²	15 ²	-1 ¹	1100	Sleep R	218	218	218	+1 ¹	4154	Roy/Traco	\$21 ¹	21 ¹	21 ¹	-1 ¹
20700	CL Bank	\$10 ¹	11	11		4900	Lafayette	\$20 ¹	20 ¹	20 ¹		800	Tera	\$20 ¹	20 ¹	20 ¹		400	Scotiabank	\$24 ¹	24 ¹	24 ¹	-1 ¹
2224	Convertr	\$8 ¹	8 ¹	8 ¹	-1 ¹	100	LDri Cess	\$12 ¹	12 ¹	12 ¹	-1 ¹	33676	Tect Cor A	\$15 ²	15 ¹	15 ¹	-1 ¹	45538	Tect Cor A	\$21 ¹	21 ¹	21 ¹	+1 ¹
11582	Coskka R	\$60	34 ¹	35 ¹	+2 ¹	40050	Laconex	\$12 ¹	12 ¹	12 ¹	+1 ¹	3100	Tect Bus B	\$15 ¹	15 ¹	15 ¹		250	Torsuer B t	\$30 ²	30	30	
3200	Cannon A	\$14 ³	14 ¹	14 ¹	-1 ¹	530	Loblaw Co	\$20 ¹	20 ¹	20 ¹		4450	Thom N A	\$22 ¹	22 ¹	22 ¹		11015	Traders A t	\$20 ²	20 ²	20 ²	
1910	Crownx	\$21 ¹	21 ¹	21 ¹	+1 ¹	5388	Lumonics	\$20 ¹	20 ¹	20 ¹	-1 ¹	24889	Tor Dm B	\$23 ¹	23 ¹	23 ¹	-1 ¹	3720	Torsuer B t	\$30 ²	30	30	

Indices

NEW YORK now Jones

LONDON

LONDON
Chief price changes
(in pence unless
otherwise indicated)

	RISES	FALLS
Allied Text	390 + 20	
Amstrad	92 + 10	
Bett Bros	63 + 7	
Body Shop Int	755 + 25	
Burton	458 + 10	
Fillet Hldgs	323 + 13	
Hunter	133 + 15	
Int Sig & Cont	277 + 17	
Pancontinental	110 + 10	
Pentland Ind	310 + 10	
SCUSA	93 + 5	
Sharpe (Chas)	500 + 105	
Siebe	520 + 25	
Sirdar	129 + 11	
Sons of Gwalia	160 + 14	
Sun (UK) Royal	130 + 20	
Utd News	303 + 8	
Vibroplant	160 + 14	
FALLS		
Bell (A)	256 - 6	
Clay (Richard)	150 - 7	
Hickson Int'l	385 - 10	
Milbury	18 - 4	
Parkfield	125 - 12	
Saxon Oil	490 - 30	

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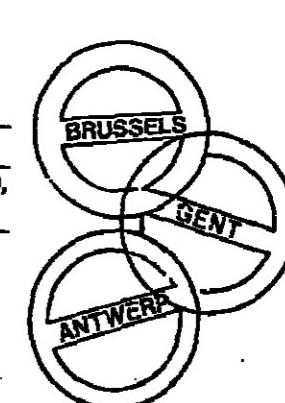
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NYSE COMPOSITE PRICES

Continued from Page 32

12 Month High Stock	Div.	Yr. Vol.	P/E	Stk.	100s High	Low	Class Prev. Date Class	Div/Prc. Date Class	12 Month High Stock	Div.	Yr. Vol.	P/E	Stk.	100s High	Low	Class Prev. Date Class	Div/Prc. Date Class	12 Month High Stock	Div.	Yr. Vol.	P/E	Stk.	100s High	Low	Class Prev. Date Class	Div/Prc. Date Class
141 12 ONE	.50	12	20	154	152	154	124	24	100 12 ONE	.50	21	15	153	153	153	121	15	100 12 ONE	.50	21	15	153	153	153	121	15
142 13 ONG	.62	13	21	150	157	157	124	24	100 13 ONG	.62	21	15	157	157	157	121	15	100 13 ONG	.62	21	15	157	157	157	121	15
143 14 ONG	.62	14	20	150	157	157	124	24	100 14 ONG	.62	21	15	157	157	157	121	15	100 14 ONG	.62	21	15	157	157	157	121	15
144 15 ONG	.62	15	21	150	157	157	124	24	100 15 ONG	.62	21	15	157	157	157	121	15	100 15 ONG	.62	21	15	157	157	157	121	15
145 16 ONG	.62	16	21	150	157	157	124	24	100 16 ONG	.62	21	15	157	157	157	121	15	100 16 ONG	.62	21	15	157	157	157	121	15
146 17 ONG	.62	17	21	150	157	157	124	24	100 17 ONG	.62	21	15	157	157	157	121	15	100 17 ONG	.62	21	15	157	157	157	121	15
147 18 ONG	.62	18	21	150	157	157	124	24	100 18 ONG	.62	21	15	157	157	157	121	15	100 18 ONG	.62	21	15	157	157	157	121	15
148 19 ONG	.62	19	21	150	157	157	124	24	100 19 ONG	.62	21	15	157	157	157	121	15	100 19 ONG	.62	21	15	157	157	157	121	15
149 20 ONG	.62	20	21	150	157	157	124	24	100 20 ONG	.62	21	15	157	157	157	121	15	100 20 ONG	.62	21	15	157	157	157	121	15
150 21 ONG	.62	21	21	150	157	157	124	24	100 21 ONG	.62	21	15	157	157	157	121	15	100 21 ONG	.62	21	15	157	157	157	121	15
151 22 ONG	.62	22	21	150	157	157	124	24	100 22 ONG	.62	21	15	157	157	157	121	15	100 22 ONG	.62	21	15	157	157	157	121	15
152 23 ONG	.62	23	21	150	157	157	124	24	100 23 ONG	.62	21	15	157	157	157	121	15	100 23 ONG	.62	21	15	157	157	157	121	15
153 24 ONG	.62	24	21	150	157	157	124	24	100 24 ONG	.62	21	15	157	157	157	121	15	100 24 ONG	.62	21	15	157	157	157	121	15
154 25 ONG	.62	25	21	150	157	157	124	24	100 25 ONG	.62	21	15	157	157	157	121	15	100 25 ONG	.62	21	15	157	157	157	121	15
155 26 ONG	.62	26	21	150	157	157	124	24	100 26 ONG	.62	21	15	157	157	157	121	15	100 26 ONG	.62	21	15	157	157	157	121	15
156 27 ONG	.62	27	21	150	157	157	124	24	100 27 ONG	.62	21	15	157	157	157	121	15	100 27 ONG	.62	21	15	157	157	157	121	15
157 28 ONG	.62	28	21	150	157	157	124	24	100 28 ONG	.62	21	15	157	157	157	121	15	100 28 ONG	.62	21	15	157	157	157	121	15
158 29 ONG	.62	29	21	150	157	157	124	24	100 29 ONG	.62	21	15	157	157	157	121	15	100 29 ONG	.62	21	15	157	157	157	121	15
159 30 ONG	.62	30	21	150	157	157	124	24	100 30 ONG	.62	21	15	157	157	157	121	15	100 30 ONG	.62	21	15	157	157	157	121	15
160 31 ONG	.62	31	21	150	157	157	124	24	100 31 ONG	.62	21	15	157	157	157	121	15	100 31 ONG	.62	21	15	157	157	157	121	15
161 32 ONG	.62	32	21	150	157	157	124	24	100 32 ONG	.62	21	15	157	157	157	121	15	100 32 ONG	.62	21	15	157	157	157	121	15
162 33 ONG	.62	33	21	150	157	157	124	24	100 33 ONG	.62	21	15	157	157	157	121	15	100 33 ONG	.62	21	15	157	157	157	121	15
163 34 ONG	.62	34	21	150	157	157	124	24	100 34 ONG	.62	21	15	157	157	157	121	15	100 34 ONG	.62	21	15	157	157	157	121	15
164 35 ONG	.62	35	21	150	157	157	124	24	100 35 ONG	.62	21	15	157	157	157	121	15	100 35 ONG	.62	21	15	157	157	157	121	15
165 36 ONG	.62	36	21	150	157	157	124	24	100 36 ONG	.62	21	15	157	157	157	121	15	100 36 ONG	.62	21	15	157	157	157	121	15
166 37 ONG	.62	37	21	150	157	157	124	24	100 37 ONG	.62	21	15	157	157	157	121	15	100 37 ONG	.62	21	15	157	157	157	121	15
167 38 ONG	.62	38	21	150	157	157	124	24	100 38 ONG	.62	21	15	157	157	157	121	15	100 38 ONG	.62	21	15	157	157	157	121	15
168 39 ONG	.62	39	21	150	157	157	124	24	100 39 ONG	.62	21	15	157	157	157	121	15	100 39 ONG	.62	21	15	157	157	157	121	15
169 40 ONG	.62	40	21	150	157	157	124	24	100 40 ONG	.62	21	15	157	157	157	121	15	100 40 ONG	.62	21	15	157	157	157	121	15
170 41 ONG	.62	41	21	150	157	157	124	24	100 41 ONG	.62	21	15	157	157	157	121	15	100 41 ONG	.62	21	15	157	157	157	121	15
171 42 ONG	.62	42	21	150	157	157	124	24	100 42 ONG	.62	21	15	157	157	157	121	15	100 42 ONG	.62	21	15	157	157	157	121	15
172 43 ONG	.62</td																									

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Midsummer lethargy takes hold

DESPITE cloudy skies over Manhattan yesterday, Wall Street lumbered peacefully through a session of midsummer lethargy, writes Terry Byland in New York.

Attendance in the stock market was down, and the big investment institutions showed little interest in either stocks or fixed-interest securities.

At 3pm the Dow Jones industrial average was 1.24 higher at 1,313.96.

The financial markets are expected to trade sluggishly for the next fortnight, which is the vacation season in New York.

Those traders still at their posts waited cautiously for the week's economic data which are a guide to the pace of the U.S. economy. Today brings the Commerce Department's revised estimate of GNP for the second quarter. Wall Street hopes for a slight upward revision of the 1.7 per cent growth previously estimated.

Stocks gained little benefit from renewed firmness in the bond market, which has now recouped the setback that followed Thursday's disclosure of a massive rise in money supply. Wall Street believes that today's meeting of the Federal Reserve Open Market Committee (FOMC) will leave credit policy unchanged, in accordance with its down-

grading of money supply as a policy factor.

The reduction in business in the past week was reflected in cuts in broker loan rates by U.S. Trust and Bankers Trust.

Hewlett-Packard, the latest high-technology company to report progress, eased \$1 to \$35 after announcing lower earnings for the third quarter.

The rest of the technology sector held steady, with IBM 1/4 up at \$26, Burroughs 1/4 up at \$62.40 and Honeywell 1/4 higher at \$63. AT & T, at 20%, rose 5¢.

Aerospace and defence stocks continued to find supporters, with the exception of General Dynamics which eased 5¢ to \$78. Boeing, at \$47, was unchanged.

Union Carbide at \$35 held steady, helped, perhaps, by demonstrations of loyalty by the workforce. Du Pont added 5¢ to \$37 and Dow Chemical 5¢ to \$35.

But pharmaceutical issues benefited from brokerage recommendation, as well as from the less confident trend of the dollar. Merck continued to lead the way, adding 5¢ to \$115.

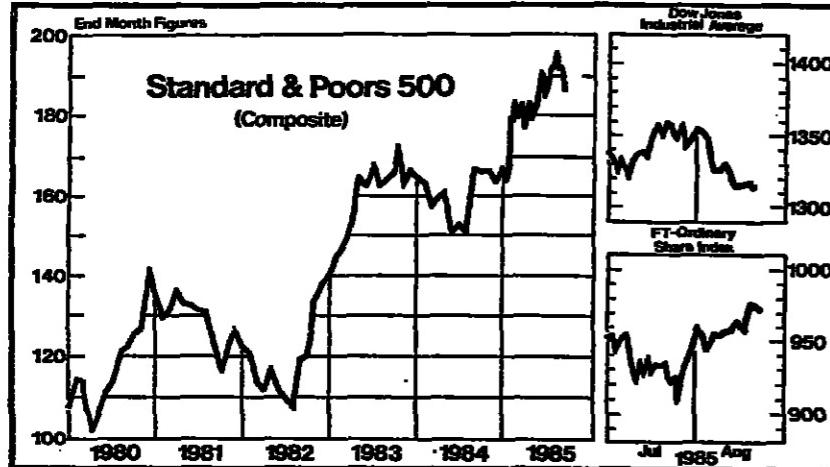
Pfizer, 5¢ up at \$48, also improved, and Upjohn, still buoyed by optimism for the anti-baldness medicine, edged up 5¢ to \$11.75.

K mart, the leading discount retailer, eased 5¢ to \$33 after confirming a recent boardroom warning that profits had slumped badly. Other retail stocks softened on this fresh evidence of difficult trading in the store business.

Sears dipped 5¢ to \$35.50 and J.C. Penny 5¢ to \$48. But once again, there were buyers for Federated Department Stores, 5¢ higher at \$57.75.

The Detroit auto stocks rallied from their recent weakness. General Motors putting on 5¢ to \$68 and Ford 5¢ to \$43.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 18	Previous	Year ago
DJ Industrials	1,313.96*	1,312.72	1,211.90
DJ Transport	671.23*	665.78	514.71
DJ Utilities	158.03*	157.21	128.80
S&P Composite	186.76*	186.10	164.14

LONDON

FT Ord 972.1 974.7 833.2

FT-SE 100 1,294.9 1,299.1 1,078.0

FT-A All-share 626.54 626.0 507.38

FT-500 684.79 685.75 548.75

FT Gold mines 317.4 308.3 573.8

FT-Long gilt 10.28 10.27 10.27

TOKYO

Nikkei-Dow 12,640.05 12,583.06 10,449.5

Tokyo SE 1,016.80 1,011.88 808.88

AUSTRALIA

All Ord. 954.2 955.2 733.9

Metal & Min. 546.5 547.7 463.3

AUSTRIA

Credit Aktion 98.11 98.03 53.33

BELGIUM

Belgian SE 2,318.2 2,320.44

CANADA

Toronto Metals & Min. 2,077.2 2,078.7 2,015.0

Composites 2,784.4 2,791.5 2,338.3

MONTREAL

Portfolio 135.98* 136.11 115.44

DENMARK

SE n/a 215.55 193.27

FRANCE

CAC Gen 216.8 215.8 162.3

Ind. Tendance 122.9 123.0 86.6

WEST GERMANY

FAZ-Aldan 476.92 481.14 392.26

Commerzbank 1,404.1 1,418.5 984.2

HONG KONG

Hang Seng 1,711.51 1,700.37 908.34

ITALY

Banca Com. 357.84 352.91 216.82

NETHERLANDS

ANP-CBS Gen 214.5 214.8 160.9

ANP-CBS Ind. 185.7 185.6 125.5

NORWAY

Ose SE 350.20 348.14 260.0

SINGAPORE

Straits Times 758.79 758.29 938.88

SOUTH AFRICA

JSE Golds - 945.5 945.2

JSE Industrials - 928.8 929.8

SPAIN

Madrid SE 111.93 111.43 97.79

SWEDEN

J & P 1,317.07 1,325.76 1,302.77

SWITZERLAND

Swiss Bank Ind 461.5 461.6 382.2

WORLD

Aug 18 Prev Year ago

Capital Int'l 217.8 218.1 182.0

GOLD (per ounce)

London \$338.75 \$337.25

Zurich \$339.75 \$330.75

Paris (fixing) \$326.72 \$335.08

Luxembourg \$338.75 \$335.00

New York (Oct) \$341.50 \$341.40

COMMODITIES

(London) Aug 18 Prev

Silver (spot fixing) 456.20p 453.05p

Copper (cash) £1,089.50 £1,020.50

Coffee (Sept) £1,052.20 £1,066.50

Oil (spot Arable Light) \$27.40 \$27.40

FINANCIAL FUTURES

(Chicago) Latest High Low Prev

U.S. Treasury Bonds (CBT) 5% 32nds of 100%

Sept 77.05 77.06 76.19 76.24

U.S. Treasury Bills (MMB) \$1m points of 100%

Sept 92.95 92.97 92.90 92.93

Certificates of Deposit (MMB) \$1m points of 100%

Sept 92.28 92.26 92.22 92.24

London Three-month Eurodollar \$1m points of 100%

Sept 91.92 91.96 91.89 91.85

20-year National Gilt £50,000 32nds of 100%

Sept 112.13 112.15 112.05 112.12

INDUSTRIALS

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ENERGY

AGRICULTURE

MINING

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CONSTRUCTION

HAZARDOUS WASTE

PHARMACEUTICALS

PHOTOGRAPHIC

OPTICAL

OPTICS

OPTICAL

OPTICAL